

CANADA'S HOMELESS: A WINTER OF DISCONTENT

CANADA'S WEEKLY NEWSMAGAZINE

FEBRUARY 5, 1996

Maclean's

FIGHTING BACK

.....
**Jean Chrétien
Fields A
New Team**
.....

**Is He Up To
The Job?**



*In the world of gold cards,
one name stands out*

A close-up photograph of a yellow Royal Bank Visa credit card. The card features the Royal Bank logo (a crown over a beaver) in the top left corner. The text "ROYAL BANK" and "BANQUE ROYALE" is printed in black at the top. The card number "4512 123 456 789" is embossed in the center. Below the number, the name "J. DUBOIS" and the word "Signature" are visible. The Visa logo is in the bottom right corner. The card is slightly tilted and has a soft shadow beneath it.

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64 POTHERINGHAM

100,000 may leave this year

46 In the middle of a cold and unrelenting winter, Canada may have more homeless people now than at anytime in decades. Their numbers have grown as governments have cut back services, and the profile has changed considerably: single men over 50, once the dominant group, have been joined by younger men and single parents with small children.



26 With just a year and a half to go before Britain hands Hong Kong back to China, the transfer of power has already begun. The word "Repeal" is vanishing from titles, and politicians listen to Beijing, not London. Optimism is in short supply among the colony's six million residents. Up to 100,000 may leave this year, many for Canada.

[illegible]

Power To The People

Many words got spilled last week about the size, scope and meaning of Prime Minister Jean Chrétien's cabinet shuffle. In a regularly fractured country, critics viciously denounced it as an assault on British Columbia, Quebec, the monarchy, the unemployed, Toronto, all women. In reality, it was a very belated attempt by the federal government to get back in step with the people. The whole exercise was reminiscent of a comment attributed to a French Revolutionary leader when a shouting mob ran by him: "These are my followers. I must rush to lead them." The fact is, the people of Canada decided after the Quebec referendum that things had to change and that if the government was not prepared to act, the people would.



Urgent supporters in Montreal demand change.

From that point on, the government was not prepared to act, the people would. It began in small, quiet discussions among individuals and later in informal groups and now, at nearly 100,000 citizens' meetings, the idea involved former government officials, but many of the meetings were attended by people simply because they love their country. The basic message is that their future is too important to be left to the men in suits.

Chrétien is not quite there, of course. Like so many traditional political leaders, it is difficult for him to admit that he needs help from all Canadians. His instinct, more in keeping with the classic political mind, is to bring back his old cabinet, as he did last week with "the two who ran" from Quebec.

What Chrétien was responding to was a burning desire in the country for major change. Spreading like a Praline wildfire, it was often cited inside his own restless circles, where there was grumbling about his unwillingness to tolerate dissenting views (page 15). Two of his lieutenants, Mulcair and Carleton, had even quietly begun to organize a move towards Mulcair's—possibly without bothering to tell him (page 18). That article also details the minister

plan, contained in a cabinet document, for major changes in the structure of the country. In addition to enshrining the distinct society of Quebec in the Constitution, the document also calls for a major decentralization of power, with Ottawa poised to give up jurisdiction of mining, forestry, fisheries and housing.

In this respect, the federal government has been listening to the people. Last week, several ministers cheerfully named subjects in interviews that Ottawa had not discussed in public company last year. Canadian citizens may want to be clear in Quebec if they want to separate. The citizenship oath could be rewritten to require the oath to the Queen. If Canada is divisible, as then in Quebec, Medicare and Canadian culture would be vigorously defended.

Those views reflect the sentiments voiced by people since the referendum. Not everyone will be happy with all of the proposed solutions. But at last, a real debate is going to take place about whether there is going to be a Canada in the next century, and what kind of nation it will be. Better late than never.

The Canada Conference

We are making plans for a series of satellite town halls in Canada, starting with a live conference on the Magna online site on CompServe on Feb. 6 at 8 p.m. EST. Similar conferences will be held on the Magna World Wide Web site when a topic later this year interested parties are invited to contact The Editor through the various members listed in the Letters page (page 4).

Robert Louis

If you were the Prime Minister of Canada, what would you do to improve living standards and unite the country?



Your innovative response to this question in a 2,500-word proposal could make you a winner in one of the largest and most prestigious scholarship programs in the country.

The Scholarship Fund

\$1,000,000.00 has been set aside to establish the Magna for Canada Scholarship Fund, an annual awards program open to all full-time Canadian college and university students.

The Scholarship Fund provides annual awards to ten Regional Winners from across Canada, one of whom is selected as the National Winner.

The program is sponsored by Magna International Inc., Canada's largest supplier of automotive systems and components, and the Fiat Enterprise Institute, a non-profit and non-partisan organization devoted to improving Canadian living standards.

Watch last year's student winners in "As Prime Minister, I Would..." Sunday, February 25 at 10 pm

Check local listings for dates and times in your area

Monetary Awards & Internships

\$5,000 will be awarded to each Regional Winner and an additional \$5,000 to the National Winner. \$10,000 will be granted to the college or university of the National Winner.

Upon graduation, the National Winner will also be offered a paid, one-year internship with the CEO of Magna International Inc. and the Regional Winners will be offered paid summer internships within the company.

Selection Criteria

A national panel of judges will select winners based on the extent to which responses to the above question offer innovative and workable solutions. Consideration will also be given to extra-curricular activities and grades.

The proposals of the 1995 Regional and National Participants are published in "As Prime Minister, I Would...", currently available in book stores across Canada.

The deadline for submissions is May 15, 1996.

For full entry details, please call 1-800-97-MAGNA

Internet Address: <http://www.cyberplex.com/magna.html>

Maclean's

CANADA'S WEEKLY MAGAZINE

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OPINION NOTES

Putting a sting in tobacco

Life is just about to become more complicated for Pat Turner and other retailers in Nova Scotia. As part of a crackdown on tobacco sales to minors, Health Minister Ron Stewart says that in March he will unveil a series of all-out efforts to test whether retailers are abiding the law. Retailers caught selling tobacco to anyone under 19 face penalties ranging from a warning for first-time offenders to fines as high as \$10,000. They also risk having their license to sell tobacco suspended for up to two years. But Turner, a Halifax corner-store owner who has a long-standing practice of serving preteens when their kids try to buy smokes after an afternoon escapade, "I find it irritating," he tells. "You get a bunch of people in there at once—who says one can't stop by now?" But Mary Unifant, director



ILLUSTRATION BY MARK LALONDE

at Nova Scotia's recently formed tobacco control unit, says the situation is not to trick anyone. "The [junior] youth wouldn't try to cover up their age, or use a fake ID," he claims. "It's a tool to be used in a reasonable and prudent way."

Yeltsin's faith in the great beyond

Diplomats and foreign intelligence analysts pushing over the shoulders behind the behavior of Russian President Boris Yeltsin might well consider not only the state of his physical health, but also that of his psychic health. After all, Yury Lomo, a leading Moscow psychic who hosts his own TV show, claims to be Yeltsin's personal adviser. The president's aides discuss such psychic connections, but rumors persist that Yeltsin has seen faith healers, astrologers and seers as everything from health matters—making sure his head is correctly aligned, astrologically speaking—to affairs of state. He would not



Boris Yeltsin: astrologically?

be the first Kremlin leader with otherworldly ties. During the last years before his death in 1988, former Soviet doctor Leonid Brezhnev regularly—by secretly-consulted faith healers, psychics and other specialists in the paranormal. Perhaps, critics note and speculate without harm, in fact, because the raps in Moscow with new political and business cases seeking costly consultations. But that is not necessarily surprising in a country where many people routinely leave offerings of food and drink on street corners as a disguised devotion, or house gods, voodooing domestic bores.



Tsoumpas: 'I know I have the shabby'

PASSIONS

'Because I can'

Victorian general contractor George Tsoumpas decided only last October to pursue his dream of climbing the highest mountain on each of the seven continents. Now, less than four months later, he has started the first leg of a two-year journey that will take him all over the world and cost more than \$500,000. Last week, Tsoumpas, 45, started the 25,345-foot climb to the peak of Mt. Aconcagua in Argentina. Now, he plans to conquer Mt. McKinley (20,320 feet) in Alaska, Mt. Everest (29,035 feet) in Nepal, Mt. Kilimanjaro (19,340 feet) in Tanzania, Mt. Denali (16,835 feet) on the island of New Guinea, Mt. Elbrus (16,520 feet) in southern Russia, and Mt. Vinson (16,860 feet) in Antarctica, in that order, all by January 1, 1998. Tsoumpas explained in an interview his decision to take on such a long and difficult challenge: "I am at a point in my life where it was possible to bring all of these elements together, both the personal and the financial. I have climbed mountains all my life and I now know that I have the ability to just challenge myself to this task. I am going to do this. Because I can."

Driving up costs

Own a car and you are a costly proposition, what with fuel, maintenance, license, insurance and insurance. And there is another variable that just added the cost. The annual expense of driving a typical 1998 midsize car in 20 Canadian cities.

City	Annual Cost
Montreal	\$9,490
Toronto	\$9,180
St. John's	\$9,180
Halifax	\$9,060
Vancouver	\$8,520
Ottawa	\$8,410
Charlottetown	\$8,320
Regina	\$8,020
Winnipeg	\$7,720
Saskatoon	\$7,720

Just getting older, not better

Baby boomers are often noted as the health-conscious generation in history. But despite their step machines, low-fat diets and appeals to take, they may not be as healthy as adults were a generation ago. A "report card" prepared by the Heart and Stroke Foundation of Ontario for the entire 1990s Canadian aged 35 to 49 on six risk factors for heart and stroke disease, and compares the results of the 20,000 sampled with similar data collected in the 1970s. Although boomers showed

some improvement in two areas—weight control and smoking habits—overall the authors barely gave them positive marks. So why aren't boomers leading a healthier lifestyle? According to the survey, most blamed job stress and lack of time for their bad habits. "But that can't go on," says

Dr. Arthur Gershman, a Toronto cardiologist and adviser to the foundation. "They are at risk and they should know it—the results are sobering." How the two groups of adults measure up

AVERAGE FAT IN DIET:
1970s 40%
1990s 28%

PERCENTAGE OF ADULTS WHO:

	1970s	1990s
Exercise regularly	36% F	35% F
Don't smoke	51 D	64 C
Are at a healthy weight	82 D	68 C
Have a healthy cholesterol level	86 A	55 D
Have a healthy blood pressure	64 A	75 B

Pinning the blame on Ontario's Tories

It seems unlikely that Melva Forsberg will win any taxpayer of the year award from the Ontario government, even though she has shown braver and creativity in designing and developing a successful grassroots campaign. Forsberg, a 56-year-old Van cover businesswoman, has created an anti-Mike Harris banner campaign, capitalizing on discontent with the Ontario premier's conservative agenda. The white clothed banners, each for \$4 each, declare anti-Tory sentiments by ethnicity, sexual preference, occupation, family life and even philosophical bent. Among the 250 different, sometimes straightforward, sometimes preposterous slogans: "Clayton plays against Mike Harris"; "Recovering alcoholics against Mike Harris"; and "X-Tite addicts against Mike Harris."



Anti-Harris banners flutter

Melva Harris' "Some of the others are aimed at lawyers, doctors, librarians, paggers and even 'Talentless bars' against Mike Harris." "People live them and I'm always getting suggestions for new slogans," says Forsberg, who contacted a similar but Mike Harris against B.C. premier Bill Vander Zalm. Linda Greig, a downtown Toronto gift shop that started displaying the banners in its street-level window last fall, has sold thousands. Some of its best sellers include "Health care workers against Mike Harris" and "Hater, unorganized preachers against Mike Harris." But the oldest cut of all on the board are premen. "Cuddies against Mike Harris."

BEST-SELLERS

FICITION

1. The Grapes of Wrath, John Ford (2)
2. The Horse Whisperer, Nicholas Sparks (12)
3. The Judge, Sam Alibi (3)
4. The Horse's Last Ride, Robert Bly (5)
5. The Heart of the Matter, John Ford (10)
6. The Horse's Last Ride, Robert Bly (5)
7. The Horse's Last Ride, Robert Bly (5)
8. The Horse's Last Ride, Robert Bly (5)
9. The Horse's Last Ride, Robert Bly (5)
10. The Horse's Last Ride, Robert Bly (5)

NONFICTION

1. The Way of the Zenist, David Byrne (2)
2. The Horse Whisperer, Nicholas Sparks (12)
3. The Heart of the Matter, John Ford (10)
4. The Horse's Last Ride, Robert Bly (5)
5. The Heart of the Matter, John Ford (10)
6. The Horse's Last Ride, Robert Bly (5)
7. The Heart of the Matter, John Ford (10)
8. The Horse's Last Ride, Robert Bly (5)
9. The Heart of the Matter, John Ford (10)
10. The Horse's Last Ride, Robert Bly (5)

By 1. The Horse Whisperer, Nicholas Sparks (12)

PASSAGES

DIED: René Jolbert, 73, former sergeant-at-arms in the Quebec legislature, who calmly talked a gunman who had killed three people into surrendering and cancer, in Quebec City. As the officer responsible for security, Jolbert entered the legislature on May 8, 1984, after Cal Denis Lortie's fatal attack and Jolbert had been sitting on the Speaker's chair, periodically firing threats from a submachine gun. Jolbert engaged him in a conversation that ended four hours later with Lortie, now 50, in police after serving 10 years of his life sentence, bonding himself over to police.



DIED: Victoria CBC Radio reporter Helen Kellner, 56, of cancer, in Arlington, Va. A widow of Sydney, N.S., Kellner joined the CBC in 1969. She spent 34 years in the parliamentary bureau before being posted to Washington in 1988.

AWARDED: By Alberta's Court of Queen's Bench, compensation of \$740,700 from the Alberta government to Lillian Mair, 51, now of Victoria, who was sterilized at the age of 14 in a provincial school for the handicapped in 1929. Mair, mistakenly classified as below-average intelligence, was one of 1,264 people sterilized in Alberta before the practice ended in 1972.

ORDERED: Former justice minister Brian Mulroney, 56, to reveal whether he knows the source of a story in *The Provincial* that he predicted his \$59-million 1981 suit against the government. But Quebec Superior Court Justice André Rochon in Montreal rejected other federal requests for information from Mulroney that Ottawa said it needs to prepare its defence. Mulroney's suit followed published allegations that he received kickbacks from Air Canada's purchase of Airbus aircraft.

CONVICTED: Former Saskatchewan Conservative cabinet minister Ray McInnes, 60, of fraud, by provincial court Judge Ross Monney in Regina. Monney ordered the ex-convicted minister to make restitution for a \$4.5 million fraud. Four former Tory legislators have now been convicted in the province's largest political scandal.

MUTUAL FUNDS

SOME TIMELY ADVICE



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AN AMERICAN VIEW



Working at the office on borrowed time

BY FRED BRUNING

One day a guy named Bill arrived at his office in Manhattan and got the word: He was gone. His employer, a tech giant, had glorious plans for the future but, unfortunately, they did not include this particular loyal worker of over a quarter-century, or, for that matter, hundreds of others like him. Sure, good old Bill had done everything asked of him and much more. Sure, he had arrived early and stayed late. Sure, he had assumed—*loshes* *rac*—that there was a kind of bond between the corporation and himself. Roughly speaking, Bill believed that if he did right by the company, the company would do right by him. Hey, Bill, you hopeless, 50-year-old sap—what were you thinking?

Here today, gone tomorrow—that is the story of the American workplace in 1986. No wonder everyone is edging towards paranoia. As corporations sell off and consolidate and restructure, employees realize: The worst, bestie best. Present will be as future as salt and pepper in the company cafeteria. A survey of union machos at the Boeing Co. last summer showed that more than half felt their jobs were "not secure," even though the aircraft manufacturer's outlook was booming, according to a report in January's *Harvard Magazine*. Likewise, a poll in New York state revealed that a third of the region's doctors feared someone in their household—themselves or a family member—soon would be sacked. Don the kitchen, please, and a packet of mood-stabilizers too.

In the age of corporate downsizing, when companies excise people with no more sentiment than a podiatrist plucking a corn, everybody is disposable. We're all on borrowed time. As AT&T Corp. prepared recently to axe 10,000 workers (10,000, an employee said the corporate culture had changed beyond recognition in recent years. "The old loyalties are just not there," she said).

Companies excise people with no more sentiment than a podiatrist plucking a corn, everybody is disposable. We're all on borrowed time. As AT&T Corp. prepared recently to axe 10,000 workers (10,000, an employee said the corporate culture had changed beyond recognition in recent years. "The old loyalties are just not there," she said).

Fred Bruning is a writer with *Money* in New York.

Companies excise people with no more sentiment than a podiatrist plucking a corn. The damage is inestimable, recovery nearly impossible.

Of course, the bills of the world—the guys with 30-year marriages and kids in college and salaries just big enough to get by—by—are the ones who really get cornered. Executives have money in the bank, and they have friends who have friends. Layoffs and restructurings can leave them permanently devastated. It is true, but corporate heavyweights have options that Bill and his buddies only dream about.

A little guy loses his job and a small stock broker lands at ground zero. The damage is inestimable, recovery nearly impossible. Inside his household, it is like some terrible wind just blew out the windows. Next thing you know, the "surplussed" individual is lining up at the new unemployment hearing for job something have spent and delirious. For many Americans, it is a free fall from where they are to where they could end up. Safety net? Not any more.

Downsizing has become a kind of corporate addiction—the cocaine of the boardroom. But like any drug, the benefits of the euphoric are illusory, and the long-term effects terrifying. In the short run, the company that prunes its workforce draws a char-

ismatic, stock analysts say, XYZ Industries is bumping 10,000 workers and declining itself ready for the challenges of the 21st century. In recognition of XYZ's courage and foresight, shareholders trade up the price of company stock and majority shareholders snore a little sleep.

Then a fancy thing happens. Wall Street says, well, XYZ Industries, what's next? You whacked those 10,000 deadbeats and slaughtered the corporate image, but that's just the start. Spill out your strategy for continued growth and ever higher profits, please. How about new ventures? (Deserted crotch?) Surely you intend to join the computer revolution—and a way to make billions like Bill Gates, the redoubtable Mr. Microsoft. America's unrelenting demand of continued growth? The answers better be good. If not, stock prices will and could tumble at any time. Then the company has to start scrambling for spongers again. More hypothy? Further reassessment?

It is a brutal, frustrating and dangerous game that is being played and one that erodes not the economic and psychological stability of the nation. Republicans in Washington think a balanced budget, Medicare reform and some phony tax cut scheme are the keys to the financial wellbeing of our great children? They must be kidding.

The key in the future of the United States is in our families, their parents and fathers do not have to hold three or four jobs between them. It's naive to say that if you perform well, the boss will keep you around and throw you a decent raise now and then. Nobody is willing for a dime rate to Fiat City—except maybe the quick-money boys and their pals in the world of stocks and bonds.

The most remarkable aspect of the downsizing phenomenon is that it amounts to a doomsday gambit—a concept that undercuts the very corporations, analysts and stockholders who were so euphoric during last year's crazy stages in stock prices. When you put thousands of employees in the street and condemn them to marginal work, you have achieved only the most slender of financial victories. You have put at risk the most precious element of a consumer society—the consumer. "What does companies have been doing since the mid-1980s is firing their customers," said a management expert quoted in *The New York Times*.

Brilliant! Greedy for mega-profits, American business is in the process of rendering itself obsolete and a once beloved workhorse is selling something like a nervous breakdown. In a recent essay for the *Times*, U.S. Labor Secretary Robert Reich recalled that at mid-century business leaders emphasized the need to organize the community as well as business. Now, the ethic is obsolete. "American business has been transformed from comfortable and stable realm into bloodletting gladiators," Reich said. What a time, the '80s. All circus, no bread.

Fighting Back

BY ANTHONY WILSON SMITH

On the weekend before he planned to shuffle his cabinet, Jean Chrétien was jolly but in a teasing mood. Vividly re-enacted in the aftermath of a 12-day trip to Asia with a 13-hour time change, his eyes were puffy and he slumped gratefully into a plush chair but he could not resist a traditional pensive emotional prerogative—to confess a reserve. At the close of a half-hour conversation with *Maclean's*, Chrétien mused the issue of the pending cabinet shuffle. He could, he said, simply name a replacement for departed fisheries minister Brian Tobin—or "it could be more than that." After several comical remarks, he lowered his voice conspiratorially, and began "Off the record . . ." As the expected reporter bent to write, a smiling Chrétien completed his own sentence: "Off the record, I will not tell you anything."

By now's odd, Chrétien let actions speak rather than words, with a sweeping shuffle that reshapes the face of his government, but still leaves many of his most loyal caucus colleagues comfortably seated at the cabinet table. At the same time, without tipping his hand in advance, he prepared to decide on a series of recommendations that, *Maclean's* has learned, could amount to the most fundamental shift of powers from Ottawa to the provinces this century (page 18).

So say this about Canada's 20th Prime Minister: he is either surprisingly consistent, or consistently surprising. On a personal level, Chrétien is no more likely to leak information privately to a journalist than he is to confess himself publicly on any issue in advance of it he can possibly avoid it. For him, either he would be ruthless and therefore completely out of character—a disclaimer that, one longtime friend says, consists of "Three Cs—caution, consistent and conservative."

But even as many Canadians, including some Liberals, question whether he is the right man at the right time for the job of prime minister, Chrétien is busy reconfiguring both his government and some of its key policies. More than 30 years after he was first elected, he remains capable of startling, large-scale gestures, such as the shuffle and his plans to shift the balance of powers. One of the paradoxes of Chrétien as a power is that even those who think they know him well are never quite certain what he will do next. "In terms of the personality of Jean Chrétien," says New Brunswick's Frank McKenna, the longest-

serving premier, "what you see is what you get, with few surprises. As a political leader, what you need to know about him is that, more than anything else, he's a pragmatist."

And that, as Chrétien himself agrees, means that he seldom lets political ideology stand in the way of a potential resolution to a problem. A senior minister in Pierre Trudeau's cabinet at a time when the federal deficit grew at its fastest rate since Confederation, he now presides over the deepest spending cuts in any prime minister. A devout opponent of special status for Quebec and a supporter of strong central government throughout his political life, he now publicly supports formal recognition of the province as a "distinct society" and is preparing to decentralize power to all provinces in the name of "efficiency" and "two-way street of changing the federation." An MP in the Pearson government that brought in medicare in 1966, he now has appointed a new health minister, David Duggan, whose mandate in creating medicaid will almost certainly involve reducing the scope of Ottawa's involvement in health care.

Similarly, some of Chrétien's other cabinet choices indicated a willingness to change course again. The biggest coup was in promoting two relatively young, high-profile francophone Quebecers—constitutional expert Stéphane Dion and international trade analyst Pierre Pettigrew—into the cabinet at a time when his government's popularity is at a particularly low ebb in the province. But those appointments carried an unspoken price. Pettigrew, a longtime adviser to former provincial Liberal leader Claude Ryan, is a strongly-willed and outspoken figure whose vision of federalism is tinged with sympathy for moderate Quebec nationalists. Similarly, Dion is an ardent federalist, but his likability and respectability with electoral politics may put him at odds with Chrétien's fondness for ministers who keep a low pro-



file. In an unusual statement that Dion released as he was appointed—and which was approved in advance by Chrétien—the new intergovernmental affairs minister stressed his support for "intelligent decentralization" and cited Saskatchewan, one of the most decentralized federations in the industrialized world, as a potential model. Asked about Dion's remarks, Chrétien said, "I agree with him." The new minister stepped into another controversial area, the following day, when he told an interviewer that if Quebec ever separates from Canada, natives and municipalities can separate from Quebec. Another Quebec minister, Lucienne Robitaille, who moved from Labor to Citizenship and Immigration, also created a stir. After declaring that the relevance to the monarchy will be deleted from a new oath of citizenship, Robitaille further suggested that citizens of an independent Quebec would not be able to retain Canadian citizenship and passports.

In addition, the shift of several high-profile ministers to new portfolios indicates a similar shift in priorities. Lloyd Axworthy, regarded as the last left-leaning Liberal in cabinet, indicated to Foreign Affairs officials that he would give a far higher priority to human rights issues than his predecessor in that ministry, Jean-Paul Gauthier. By pulling former transport minister Jean Yves in to Axworthy's former portfolio of human resources, Chrétien signalled that further cuts are in store to social programs. Yvonne, a blunt-spoken and ardent opponent of big government, virtually discarded much of his new portfolio, selling off Crown corporations and slashing jobs and multimillion-dollar subsidy programs. Similarly, by shuffling former intergovernmental affairs minister Marcel Masse to his new post as president of the Treasury Board, Chrétien put a greater priority on reducing and reforming federal spending. Masse, a longtime civil servant, will work closely with Finance Minister Paul Martin on implementing such reductions in the coming budget. At the same time, though, the Prime Minister disappointed many of British Columbia who had hoped that Tobin's replacement at Fisheries would come from the West Coast. Instead, he named Newfoundland's Fred McMillan to the post, and his only promise to British Columbia's new political class was to name Vancouver's Mel Melnyk as a senior minister responsible for multiculturalism and women.

The changes among his senior ministers suggest that Chrétien, after close to 27 months of standing firm against pressure to shift his cabinet and its priorities, has decided that dramatic measures are needed. For most of Chrétien's time in office, his popularity and his policies were enough to easily move Canadians. Or, at least, they were enough until the Oct. 30 Quebec referendum. The closeness of the result, with the federalist side winning by fewer than 54,000

of the 4.6 million votes cast, joined sovereigntists from coast to coast and even into debate the future of the country as Canadians have known it.

And, at the same time, it raised questions about the leadership qualities of the man leading a national government that almost dared itself without a united nation to govern. Chrétien, after all, was the person who told Canadians repeatedly before the referendum not to worry about the result—and they saw the sovereignist side perform so strongly that, as he acknowledged publicly for the first time in the interview with Macdonald's internal lobbyist poll showed the Yes side leading by six points with less than a week to go (page 15). The phenomenal defeat of Bloc Québécois leader Jacques Parizeau, when he took over de facto leadership of the Yes side from Parti Québécois leader Jacques Parizeau was, Chrétien said, "almost an act of God."

But Chrétien now faces more earthly realities. One is the distrust that he and his message are not being as well received by Canadians as they were before the referendum. Since then, his approval rating has fallen from a high of 86 per cent—the best figure ever recorded by a prime minister—in a poll acceptable, but significantly lower, 54 per cent. And while the referendum result left Canadians anxious and unsure, the reaction within the Federal Commons caucus since then has not been much better. "We [liberals] were completely shut out of the debate, and that can never be allowed to happen again," says Donald Macdonald, the Liberal MP for New Scotland's Dartmouth riding. "Right up until the end, the Prime Minister had this 'don't worry, be happy' attitude, when there was plenty to worry about." Now, Macdonald says that he and other frustrated backbenchers take little solace in last week's shuffle—and he is particularly concerned about the fact that an elected Québecer, Duro, was elevated to the key anti-governmental affairs portfolio. Says Macdonald: "This debate can no longer involve only Québécois when the entire country is at stake. Everyone has to have a say." Similarly, he was upset by Duro's remarks in favor of more decentralization of federal powers, adding: "Don't tell people in the Maritimes or Newfoundland that decentralization is so big thing because it would be a huge bloody blow to us." Still, Macdonald says he remains a strong supporter of Chrétien because "the best advice to lot people like me blow all stress like that."

But other MPs privately say they remain keenly worried to their feelings to discover their constituents increasingly divided over the government's action—or inaction—on issues ranging from gun control to the protection of gay rights to the future of social programs. When they raise these concerns, and questions about Québec, worried backbenchers say they find Chrétien responsive and tolerant. "He is," says one Ontario backbencher, "one man out of a bunch who you have the nerve to disagree with him."

Another frustrated Ontario MP, who describes himself nonetheless as a Chrétien loyalist, telephoned the Prime Minister a week before Chrétien's suggestion that unless he began spending more time talking with his caucus members, he would soon "take a walk." The growling is particularly strong among Ontario MPs, who—with 97 of the province's 99 seats—make up more than half of the 175 elected Liberals. Even some ministers complain that they feel excluded from his real inner circle, a select group of loyal advisers within his office, along with a handful in private life, who are overwhelmingly male middle-aged Québecers he has known for several decades. And many Liberal MPs, in the wake of the November break at the Prime Minister's residence at 24 Sussex Drive, soon repeated the blarney talk that Chrétien should turn control over security over to his fiercely protective senior policy adviser Eddie Goldenberg—"because anyone who can keep the entire caucus away from the Prime Minister can easily handle a single assassin."



Hedy Fry, Multiculturalism

'This debate can no longer involve only Quebecers when the country is at stake'



Fred Mifflin, Fisheries

So, faced with all that, does Chrétien, who 16 months ago told Macdonald that the most surprising thing about being Prime Minister is that it "is not as hard as I thought it would be," now want to reconsider that statement? Absolutely not, says the Prime Minister, with an impatient shake of the head. "I don't say that it's not difficult, just that it could be more difficult than it has been so far."

Along with the cautions that have always marked his personal press, Chrétien is also a man of sometimes surprising contradictions. Although most Canadians are familiar with his fondness for describing himself as a "kiddie guy from Shawinigan," he has spent more than half his life living in Ottawa, and much of that in the relative comfort that comes with either a cabinet minister's salary, or the so-

called "300,000 to 500,000 a year" he earned in his hidden home on the politics between 1984 and 1989. Some of his still-living political foes are still critical in private, among familiar colleagues, he claims often, though rarely, likes to let the occasional off-color remark or can observe on professional hockey, hockey and football games and their surrealism with the practiced ease of any sportsman-turned-politician. He likes the occasional brawl, occasionally directs his security contingent to disperse by vomiting into public toilets (Chrétien with his wife, Anne, without them, complete that in Ottawa, "there are no real places to just vomit and have a good f---"), and, says a friend, can "kill shoot a mean game of pool." He is intensely competitive in everything he does, ranging from golf—one of his great pastimes—to water skiing and piloting his small jet boat, the *Red*



Doug Young, Human Resources



Lloyd Axworthy, Foreign Affairs

October, at high speeds from the back of the prime minister's motorcade truck, at Westmonte Lake.

For better and for worse, Chrétien's work habits are, around Ottawa's political and civil service circles, the stuff of legend. He is famously impatient with long briefings on complex issues, and insists that information be given to him in no-longer-long, measured bullet form. Similarly, anyone who has been in on an issue more than once knows that the best way to impress him, way to make him like you, is to include a colorful anecdote to illustrate the point. Those qualities lead some observers, including both detractors and admirers, to compare his governing style with that of former American president Ronald Reagan, who was similarly fond of anecdotes and unadorned in detail. But those qualities, Chrétien supporters insist, should not be taken as evidence of a lack of either intelligence or understanding. "I can never get over his ability on complex issues to immediately ask the one question that cuts right to the heart of the matter," says Charles Black, the former Ontario Liberal minister who is now one of Chrétien's senior policy advisers.

In fact, Chrétien is a much more complex, private man than most Canadians likely realize. He is a lover of art and classical music, with a sophisticated knowledge of both. Despite the gregarious, welcoming image he often adopted in his younger years in a restaurant, he has, by choice, a relatively small circle of friends—and most of them have little to do with politics. Unlike most career politicians, who work hard at building networks and cultivating as many contacts as possible, Chrétien does neither. "In politics," he once said, "there is no room for thinking." But he applies that maxim only when it is cynical, such as at his oldest and closest friend, a man named Goldenberg and chief of staff Jean Pelletier, work directly for him. And among longtime associates, Chrétien has always inspired an intense level of loyalty that transcends opportunism, or the peaks and valleys of electoral politics. Today, as he looks for position as federal minister to become Newfoundland premier, told friends how touched he was that, during a series of discussions about his future, Chrétien behaved towards him more as a friend than as a prime minister. Goldenberg and Chrétien's other long-standing adviser, Power Corp. executive John Lee (brother of former Ontario premier Bob Rae), are both friends of more than 25 years' standing who put their own professional lives aside to work full time for Chrétien in his 1990 leadership campaign, when his goal of becoming prime minister seemed far from sure.

And while cannot answer him to blame Goldenberg and Pelletier for their lack of access to the Prime Minister, that appears to be a convenient fiction for all concerned, since there is no evidence that the two men are doing anything other than carrying out Chrétien's wishes. Chrétien is succinct at describing his vision of the role of him: "I let people speak, I let people disagree, and after that, I discuss with my cabinet, and we decide what that decision is."

But since MPs complain that Chrétien does not even always do that. During the referendum, as anxiety grew, a group of Ontario MPs came up with a series of ideas aimed at promoting national unity. But when they asked to present them to Chrétien, says one MP who describes himself as a Chrétien loyalist, they were told to go instead to Montreal and see MP Albertus Goldenberg—a Chrétien loyalist who, in turn, told them to stay quiet and not to involve Goldenberg in the matter.

On the other hand, Chrétien's loyalty to those who have been close to him is well established—and more, say some detractors, to a fault. Despite complaints that Ontario is underrepresented in cabinet, the only new member is made MP June Stewart, who becomes revenue minister. Stewart is the daughter of Robert Stewart, a former Ontario Liberal MP and one of Chrétien's close friends. Her performance as chairwoman of the Ontario caucus has drawn mixed reviews, and some MPs wonder that her appointment has more to do with her family ties. Similarly, Chrétien likes Indian Affairs Minister Iain Stewart, one of his longest-standing associates, in cabinet, despite the fact that Stewart, reported by many as an uneven performer, has said privately that he does not plan to run again. All of the other ministers not planning to run again, including Ontario's attorney general, are also in cabinet. Foreseeing an electoral trade minister like MacLennan, were asked to step down to make way for new blood.

But none of those complaints, from either within or outside the

Enter the two wise men

party, appear likely to dethrone Chrétien's leadership in the short term. For one, there is no obvious successor to him within the party. The two winners most often mentioned are Finance Minister Martin and Justice Minister Allan Rock. But both men bring their own political baggage with them: Finance is a bruising portfolio in terms of winning public support, and Rock is regarded within the party as lacking both the appetite and political cunning needed to be a good leader. Similarly, although the Reform party seems to have consolidated its place as the nation's third force, its support has not increased significantly since the 1993 election—and the same is true of the New Democrats and the Conservatives.

But the absence of credible alternatives is not the only reason for Chrétien's continued resilience. Among politicians of most political stripes and in mainstream English Canada, his personal popularity is largely undiminished even as his policies are cast in doubt. "The thing about this Prime Minister" says Manitoba Tory Premier Gary Filmon, "is that

everything starts with the fact that he is a very, very nice, unassuming guy." Similarly, outgoing British Columbia Premier Mike Harcourt of the NCP says, "My relations with him are good that you can disagree on issues but still get along well as people."

And even when others have doubted him, as was the case during Chrétien's recent performance as Opposition leader from 1990 to 1992, he has seldom wavered in his certainty that he has both the ability and the authority to lead the country. During the bid for spectacular honeymoon in the summer of 1990 that followed Kim Campbell's rise to office, Chrétien, recalls his communications director, or Peter D'Amico, "never showed even a split second of doubt that we would win a majority." In both word and deed, Chrétien is clearly looking ahead to the next election, which is likely to be held in the fall of 1997.

And Chrétien is untroubled about his own internal struggle. "I always had and still have the satisfaction of leading my party into the next election." He may have slipped in the polls, and some of his policies may be fading, but if Chrétien has his own way, those since MTL will still have Jean Chrétien to look around for years to come.

Only in Quebec could a political science professor with a fondness for writing newspaper articles about the Canadian be as powerful. That opposition from sovereigntists is one reason why Stéphane Dion is Canada's new non-governmental affairs minister. And only in a country as rapidly growing as Canada, circa 1996, could the media, scrupulously, make the elevation to cabinet of two men in their 40s—Dion and his fellow reform, International Cooperation Minister Pierre Pettigrew—by commenting on the fact that cabinet's average age is now "only" 60.2 years. Youth is no longer his goal to be wooed on the young, new, middle-aged boomers also claim it.

But those responses to Jean Chrétien's cabinet shuffle were only part of the proof that in politics, what you see depends on

BACKSTAGE OTTAWA

BY ANTHONY WILSON-SMITH



what you know or care much about the province, and often prove it. He needed only to make Anderson fisheries minister to placate the province, but did not. But in the province he cares most passionately about—Quebec—he can be proud of his recruits, and everyone else can be suspicious. Dion will not inevitably compromise with the Tories of the 1990s, both are renowned for their conservatism, independent thinking and intellectual rigor, and disenchanted but inspired by social scientist José Bédard. But Dion, like too many Quebecers in key roles in a debate involving the entire country, will denote their Canadianism periodically by his lack of knowledge about the rest of Canada. His strength is that he knows that, and will presumably correct it.

The one most likely to cause the most mischief in English Canada is Pettigrew. Among friends and foes—and he has many of both—it is sometimes said that Pettigrew is "brilliant, but only half as smart as he thinks he is." He was a precociously young, smart-mouthed aide to then-Quebec Liberal leader Claude Ryan in the late 1970s. He also played a key role in drafting Ryan's latest paper—a largely complex proposal for reform of federalism which suggested a degree of decentralization that horrified everyone outside the province. He is a devout

liberalist, but not in Chrétien's more traditional brand. And he has his own shades of Trudeau: Pettigrew is a genuine socialist with a sometimes caustic lifestyle that includes a year-round apartment in Paris.

Dion and Pettigrew will eloquently defend Canada within Quebec. They face just as difficult a task defending Quebec in front of the rest of the country that their most bitter, unacknowledged warrior swears them to pursue. There, the fact that they are new faces taking cabinet places from once established stars will excise as much resentment as the new ideas they bring. "New guys with new ideas" was how Trudeau once described what he wanted alongside him. Now that Chrétien has found none, Dion and Pettigrew can defend themselves from their critics' enemies, but he must protect them from their supposed friends.

where you see it from. The pro-sovereigntist majority of Quebec concerns Dion as the last living, controlling disciple of the Great Satin, Pierre Trudeau. Among their counterparts in most of the rest of the country, there is the opposite concern—that Dion will decentralize power with indirect haste to appease Quebec. Aside from all that, there is British Columbia, whose politicians increasingly seem to study the rhetoric of Hamilton Hill under Lucien Bouchard. There, the overwhelming concern was that nothing existed except that their province—with only one full cabinet minister, David Anderson in Transport—was ignored.

For once, all of all they may be right. Chrétien, who makes most of his decisions about British Columbia based on the advice of his longtime friend there, lieutenant Roman Patryck, appears to neither

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As he prepared to deal with mounting criticism of his government's handling of national unity issues and last week's cabinet shuffle, Prime Minister Jean Chrétien spoke to Ottawa Editor Anthony Wilson-Smith. Excerpts.

Maclean's: What do you see about the Quebec and constitutional issues in the wake of such people as Keith Spence, Joe Clark and Gordon Cohen calling for action?

Chrétien: Those who want to restart the industry at constitutional experts, I don't think that it will work like that. Because we're making some changes already. It's always like that, they're never enough. And we have thought about harmonization and simplification, and the highway system of change the federation. And some devolution, but [there are] some things that we can do better than the provinces. I don't think that all that needs to create changes in the Constitution. And Mr. Bouchard is out there telling us that he doesn't want to discuss the Constitution. And I'm still convinced that we have to prove to Quebecers that the future is in Canada.

Maclean's: What, for you, is the lesson of the referendum?

Chrétien: There is the lesson that we have to tell Quebecers what Canada is all about. It's striking, the lack of presence of the federal government in Quebec for the past 10 years. That's a big problem, and now, the misinformation is unbelievable. And we started to act on this, and we did, on transfer payments, for example, since people in the Quebec papers to say that cuts coming in Quebec were not the fault of the federal government, because while some transfer payments have been reduced, others have been increased. And for the poorer provinces, of which Quebec is one, unfortunately, we have reduced transfer payments and in turn increased equalization payments. And we had pages in the newspapers in December saying this out. And I'm very happy that we are doing this.

Maclean's: And do you still think you have Norman Maclean in your corner?

Chrétien: I don't have any problem with my caucus. We have discussion in caucus. And not everyone agrees. I would be very disappointed if I were to go to my caucus just to receive praise as you know to be [the case] in cabinet meetings. I'm not, I let people speak, I let people disagree and after that, I discuss with my cabinet and we decide and that's democracy.

Maclean's: The referendum was an emotional period and in November you had to face an outsider at 24 hours. How much stress changed your mood to run again?

Chrétien: I was the leader of my party. I always had and still have the excitement of leading my party into the next election.

Maclean's: What has been the toughest period for you since taking office? Was it the week before the referendum, when polls showed the No side rising?

Chrétien: It was not an easy situation. You know, people forget that the strings we had were pulled by everybody with Bouchard pushed forward. Just as I. No one could predict that. It was almost an act of God. In fact, until then, we had almost done too well. If we had done a little bit less well, maybe Bouchard would not have been in a position



Chrétien during the referendum 'in bloom'

Looking Ahead

Chrétien calls the separatist surge 'almost an act of God'

to push Parson out And that gave the wind to them. And we had to come in in the last week, and we had to turn it around, and we did, and

we won. Next time, those who say it's already lost, it's not true. To the contrary, now we know some elements that had to be corrected, and one as the lack of knowledge all the real situation by a lot of people in Quebec. And you have to understand that people under the Conservatives, many of them were more against that separatist, they were not promoting Canada in their regions. And [now] we have 50 ridings that we lost Quebecers. And they never say anything good about Canada. So the communication has to be an important element. **Maclean's:** Is the Quebec Liberal party doing a proper job of promoting its policies? **André Gauthier:** I am not a politician. **Chrétien:** For me, I do not criticize anybody who is for Canada. Everybody who believes in Canada has to talk more about Canada in Quebec. It's a good product to sell, but if you don't put it in the window, it won't sell.

Maclean's: If you could do anything differently as premier, what would it be?

Chrétien: Oh, no, no, no. I don't want to debate about what should have been done. I explained that something happened in the middle of the referendum that nobody could predict. People don't write much about it, but it was decided between Mr. Johnson and I that we had to come stronger in the last week, [and] we did come, and we managed to stop the momentum and perhaps create a new momentum for us. The problem was that on the Monday, we were in a position behind. This was confirmed by internal polls, and we finished with more than one point more than a majority. So we turned things seven points in the last week. Collectively, all the people on the No side have to take credit. We were all surprised by the force of Bouchard, but we can't let that be repeated. **Maclean's:** And the media was wrong about the referendum result as well?

Chrétien: No, you were not wrong. Something happened, that's all, and nobody predicted it. And things like that happen. And there's no blame to spread around on that, it's just a reality. □



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COVER

Ninety minutes into their first encounter at 24 Sussex Drive on Nov. 26, Prime Minister Jean Chretien interrupted University of Montreal professor Stéphane Dion's scholarly discourse on how to keep Quebec within Canada to make a startling offer: "By the way," Chretien said in an almost offhand manner, "I have a question for you." The answer to that question—whether the 40-year-old committed federalist would abandon a lifetime of academia to enter the political fray as a member of Chretien's cabinet—may change the nation's future as much as it has already changed Dion's life. The professor was not easily convinced. Through three sessions, spanning eight hours of intense debate, the two men spoke about Canada's history, its values, its tumult and its strengths—with Chretien, arguing that Dion was needed in Ottawa. "It was not the plan of my life. My plan was to be a professor," Dion told Maclean's last week. "But we are in a special situation. When you are facing a crisis, you make exceptional decisions." On Jan. 6, Dion accepted Chretien's offer.

In last week's cabinet overhaul, the Prime Minister demonstrated that he, too, can make exceptional decisions when the country's future is at stake in a controversial maneuver to bring fresh thinking on national unity to the cabinet table. Chretien moved three Quebec veterans off his team—and replaced them with their newcomers, two Montreal MPs, Alliance魁北克 and Martin Charbon, and two untested Monctonians, Dion and international trade consultant Pierre Pettigrew. The message was clear: Chretien was responding to demands that he deal with the new political realities in Quebec.

Chretien's strategy is not without risk. Both Dion, who took over as intergovernmental affairs minister, and Pettigrew, who was appointed minister for international cooperation, must win buy-in from a province where the Liberals lost the Bloc Québécois in public support and little can be taken for granted. Articulate and premeditated, they will hold ideological pre-federalist views in Quebec. And neither has extensive political skills, experience or contacts in the rest of Canada. These drawbacks may cause serious problems. It is extremely difficult to sell their commitment to decentralization and the recognition of Quebec's distinctiveness outside the province. Finally, the two must win their fellow Liberal MPs, many of whom were openly dismayed by their ascension to cabinet with no interesting role in the political trenches. Warned Nova Scotia MP Ronald MacDonald: "There's a danger to the minds of caucus." But after months of reflection, the Prime Minister decided to change both the team and the strategy that will take him through the second half of his mandate. Last week, Chretien identified four priorities: job creation and economic growth, the renewal of the federation, deficit and debt control, and the preservation of Canada's social programs. Still, it was with his choice of new Quebec ministers that Chretien most clearly redefined his new



Dion after being sworn in to cabinet: "exceptional decisions"

French Power

Newcomers to battle the sovereigntists



Pettigrew: dealing with new political realities in Quebec

Dion told Maclean's last week that he and Pettigrew both want to keep Quebec within Canada. The difference, he added, was that while his father could one day give up on the federation, he would never do the same.

approach. The portfolio of Labor was given to Gagliano and the 38-year-old Cauchon was named to the junior post of secretary of state for regional development in Quebec. More importantly, the very presence of Pettigrew, a 45-year-old Cordoba-educated member of the Quebec federalist establishment, is expected to highlight the province's pivotal role in the international economy. Since 1985, he was also selected because he can take on the separatists, particularly deputy premier Bernard Landry, with his well-honed debating skills.

The most politically sensitive task will fall to Dion, the star of the new Quebec team. As the minister who must deal with the relationships between the 10 provinces and Ottawa, the former public administration professor must broker deals on the Constitution, the economy and the social union. "A strong federal government must not be confused with a centralizing government," Dion said in a statement, which, in a break with tradition, he issued before his induction into cabinet. "Canadians will not accept provinces behaving like 10 egotistical republics."

Some of the biggest fights may occur inside cabinet. Last week, new Human Resources Minister Doug Young told Maclean's that he wanted the government to spell out the full consequences of repatriation for Quebecers. Although his Quebec colleagues warn that such tactics could be dismissed as threats, Young, like many MPs from the rest of Canada, was from the rest of Canada, was Valium because somebody in Quebec is going to be upset because I am talking about reality? Who cares? When asked about that approach, Dion countered that positive arguments were the new challenge in every corner of the country. "We want to convince Quebecers that Canada works."

Dion has had ample opportunity to hone his federalist views. His father, Laval University political scientist Louis Dion, is a veteran of the constitutional wars who became a Quebec icon when he advised former provincial premier Robert Bourassa to hold "a knife to the throat" of English Canada. With great reverence, the younger Dion told Maclean's last week that he and Pettigrew both want to keep Quebec within Canada. The difference, he added, was that while his father could one day give up on the federation, he would never do the same.

By KAYE FULTON and MARY ANGIN in Ottawa

BY MARY JANIGAN and E. KAYE FULTON

The new Maritime quest for unity began during those achingly anxious hours when Quebecers counted their ballots and decided the fate of the entire country. As the tally in last October's referendum snowed back and forth, Liberal MP George Ridesout, a former mayor of Moncton, N.B., realized that his region was powerless, divided and on the brink of secessionist isolation from the rest of the nation. He had to act. Within three weeks, he and his fellow Maritime Liberal MP Ronald MacDonald, gathered 20 regional businessmen and academics at the Reddy Hotel in Truro, N.S., to revive the classic, decades-old dream of Maritime unity: the combination of Nova Scotia, New Brunswick and Prince Edward Island into one super-province. In a striking breach of decorum, the two MPs did not border in until Prime Minister Jean Chretien asked their plans to change the country's very structure until the conference was over. "We decided that it was better to upstage than to risk derision," Ridesout told Macdonald's last week. "Canada lost its innocence last October, and all of these things are new on the table and have to be discussed."

Ridesout's sentiments epitomize the tough message that hundreds of politicians, businessmen, students and troubled voters have delivered to the federal cabinet: the rest of the nation must never again be caught unprepared while Quebec decides everyone else's future. As a result of that widespread feeling, Macdonald has learned, the cabinet committee on national unity, under the chairmanship of former inter-governmental affairs minister Marcel Masse—named Treasury Board president in last week's cabinet shuffle—has drawn up a multi-stage package of largely noncontroversial changes that he presented to Chretien last weekend. The first stage concentrates on the redistribution of powers between Ottawa and the provinces. It also outlines a proposed new timeline since that would see the federal government



Last October's unity rally in Montreal; Masse (right) 'we must not make the federal government powerless'

likely that Chretien will reach out to the premiers, calling for the creation of a "Distinctive Team Canada" that will work together to eliminate barriers to the free movement of labor, capital, goods and services. An influential Queen's University economist, Tom Courchesne, who coined the "distinctive team" phrase, said in an interview "Canada needs a national policy" for the 21st century which is eco-friendliness and people-based. The obvious result is not jobs, jobs, jobs, but skills, skills, skills."

• Ottawa has concluded that most Canadians want the federal government to preserve its role as the instigator of such social programs as Medicare. But there may be a crucial change in Ottawa's traditional approach. At present, Ottawa sets the standards for such programs—and withholds funds if the provinces break its rules. In future, if cabinet agrees, Ottawa will, for the first time, allow the provinces to participate in such programs in the creation of guidelines. This could mean greater diversity in the structure of such programs as welfare.

• Masse has called for limits on Ottawa's ability to launch new spending programs in areas of exclusive provincial jurisdiction such as child care. But his colleagues are unlikely to agree. Ottawa may state, as a principle, that it will not introduce new programs in a province unless that province consents. But Ottawa is unlikely to offer financial compensation to provinces that want their own programs, even if they are similar to those of others.

• The proposal lists up to 10 categories of federal programs from which Ottawa could withdraw, including mining, forestry, tourism and housing. Those programs were selected on the basis of the so-called subsidiarity rule of the European Union that is, powers should devolve to the lowest level of government that can effectively per-

form the service. Leaders say that Masse insisted all 15 cabinet members to devote his criteria for efficiency. Using those criteria, for example, Ottawa is prepared to relinquish its powers over forestry to the provinces, but it will continue its research into such problems as the spruce budworm control because it does not make sense for individual provinces to spend money on a shared enemy.

• The constitutional recognition of Quebec as a distinct society must be enshrined in the Constitution. But that cannot be accomplished during the first stage of reform because there is not sufficient provincial agreement to guarantee success. The new inter-governmental affairs minister, Stéphane Dion, who shares many of Masse's views, said in an interview last week that one of his main goals is to convince English Canada to change its mind about distinct-society status for Quebec. Dion said that he would be willing to amend the wording of the phrase—as long as the essential concept of Quebec's distinctiveness is enshrined as an interpretive clause. "I cannot think that this country will die only because of two words," he said. It is even possible that Ottawa will simply abandon the phrase. As Simon Fraser University public policy expert John Richards will last week. "The term seems to have outlived its usefulness. It is not helpful to national reconciliation."

The proposed package represents a compromise between those federal officials who believe that Ottawa must concentrate on substantive proposals for national change, and those who maintain that it must get tough with Quebec. Last week, a week 24 hours before his appearance at the human resources portfolio, former minister minister Deng Young Chang told Macdonald that Ottawa should no longer sit idly by on the sidelines while Quebec decides its referendum rules, sets the question and determines the winning margin. Instead, he maintained, Ottawa should state, clearly and repeatedly, that if Canada is divisible, Quebec is also divisible. "What is this powerlifting around all about?" he said. "You have to have rules of the game."

The cabinet's national unity committee has steered clear of such dramatic proposals. It has, however, taken an unequivocal stand aside in the two previous Quebec referendums, it will never again passively accept Quebec's right to formalize the question—and in assertion that more than 20-percentage approval constitutes victory. Instead, it will demand a clearer question and a get-to-be determined higher margin—even though that position is likely to be controversial in Quebec, if only because many voters will argue that it is too late to change the rules.

But that tough line is enormously popular in the rest of the nation. On Jan. 16, the Reform party fully asserted in its "Twenty million of seconds" statement that Quebec's borders are not set in stone. "People felt that this stuff should have been out there 30 years ago," says the party's constitutional expert, Stephen Harper. "We are now 36 years late this crisis and nobody has called about the consequences of separation. Certainly, no one can accuse this country of having overcomplicated it."

Whatever the fate of the cabinet committee's proposals, and whatever the success of Dion's quest to enshrine "distinct society" in the Constitution, it is clear that the Oct. 30 referendum result has changed the political landscape. It has shown that anyone could have predicted. Groups that had held back during the referendum have become active lodgers in the quest for change. In mid-December, the Business Council on National Issues, Canada's major business lobby group, privately distributed an influential 18-page package that combined precise proposals for constitutional change with the pointed observation that Ottawa "has a duty to all Canadians to roll out clear rules governing a proposed 'super-province'."

The package went to the Prime Minister, all premiers, senior federal officials and Masse. President Tom D'Aquino said in an interview that the council acted because the situation is too urgent to ignore. "We had a very narrow brush with disaster, both financially and politically," he warned. "And we need to re-evaluate. Never should this happen again." It is a view that may find political partners now reluctantly share. □



PHOTO BY GUY A. LOISEL

The Master Plan

A draft for a new Canada goes before the cabinet



Chretien questions about Quebec status as a distinct society

refuse to honor future referendum results on separation unless the question is clear—and answer for more than 50 per cent of the population voters to separate.

Macdonald has also learned that the proposal does not attempt to satisfy the constitutional concerns of every group in one large package. The aboriginal demand for self-government, for example, will be deferred for a later stage. Instead, the first round will concentrate on the efficient functioning of the federation. If the provinces consent, Ottawa will gain more powers over the economy, such as the right to regulate securities, and it will aggressively promote external free trade among the provinces. The provinces, in turn, will exercise exclusive control over such areas as mining and forestry. They may also gain the right to work with Ottawa to set national standards for social programs such as Medicare. Masse said that his national unity committee had to respond to the widespread public mood of uncertainty and gloom. "That indicated to us that the situation is urgent. But we must produce reforms in the federal government that corresponds to what all Canadians, including Quebecers, want," he said. "We must not make the federal government powerless—but we must make its role more relevant, more efficient and better known to Canadians."

The key elements of the package include:

• Ottawa will concentrate on the areas in which it has a clear, especially strengthening the economic union. Over the next few months, it is

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To the heart of the matter

Walking through a cold drizzle in downtown Ottawa last week, Lt. Col. Paul Morneau slipped a sweat-soaked tie as he passed Brig.-Gen. Ernest Bess, who quickly returned the formal display of respect but inside the herring, rust in the Vaaguard Building, where the federal inquiry is to the deployment of Canada as peacekeepers in Somalia in 1992-1993 has been burning testimony since Oct. 22, the minutes between the two men was palpable. During Morneau's 3½ days on the stand, Bess sat in a front-row seat to the public gallery, just meters away, glowering at his former subaltern—now testifying in his accusations. Morneau, relieved as commander of the Canadian Airborne Regiment by Bess just weeks before the start of the war in the United Nations, described his frustration with Bess in trying to deal with worsening disciplinary problems in the fall of 1992 when the regiment was at Canadian Forces Base Borden in Ontario, training for Somalia. Morneau testified that the general did little to help him with his concerns and deliberately undermined him before leaving Borden. "He treated every statement and action of mine," Morneau declared. "In order not to look incompetent."

Morneau's testimony was the latest blow in the flood of recriminations, allegations and accusations that have since the open air war broke members sought best to death a defenceless 16-year-old Somali and two others, of whom subsequently died. Now, as the federal inquiry continues, the military's duty lies in public, the charges of incompetence, disciplinary problems and coverage threats to reach to the top of the Canadian Forces' chain of command. As if to underscore that point, three generals—two of them facing accusations of high-level interference in investigations into the Somalia affair—last week announced that they would retire early. And although the generals denied that Somalia had anything to do with their decision, it is clear that the affair has crushed Canada's military establishment. "It's real sad," says Nicholson Smith, an attorney at the Toronto-based Stratix, a Analyst Group, which does defence and international affairs consulting. "The malaise throughout the officer corps is now growing and growing."

Morneau, who did not wear a tie in testimony even during cross-examination, gave voice to that malaise. Eyed as an anti-peace effort to NATO headquarters in Brussels, he has discussed



Morneau (left) with lawyer (right) Morneau in testimony

The Somalia inquiry points to blame in the top ranks of Canada's military

alcoholism—documentation that Morneau later discovered. Under cross-examination by Bess's lawyer, Bruce Harris, Morneau admitted that Bess had expressed open concern about various aspects of training in the fall of 1992. But he insisted that he was charged by Bess with having never spoken to him about the incident. Morneau also suggested that his former superior had a bad reputation for underestimating subordinates. Still Morneau "for all I do just the last in a long line of victims."

Six months after Morneau's departure in October, when he calls the "vacuum" in the unit became increasingly evident. In March, 1993, one from 2 Commando sent the Somali teenager in death and was involved in two questionable shootings of civilians near the Canadian base of Baidi. Now, as questions surrounding the Somalia mission and its aftermath continue to mount, the inquiry's focus will shift to those further up the military's pecking order. A parade of generals is expected to testify, starting this week with Bess and Maj. Gen. Lewis MacKenzie. In 1992, the latter was the deputy commander of the Canadian Forces' Central Area, which includes CFB Petawawa, before being asked to head the UN peace-keeping force in the former Yugoslavia in February, 1993. Former

chief of the defence staff Gen. John de Chastelain is also likely to appear before the commission. Retired Col. Michel Dupont, a close observer of the Somalia affair and a contributor to *Edmonton's Globe* newspaper, which deals with Canadian military issues, says that Morneau's testimony paints a picture of dubious actions up the chain of command. Said Dupont: "Morneau was screwed his time." He also suggests that Bess and other officers may have performed lying Morneau to advance their political careers that the Airborne was set up to the job in Somalia.

While Morneau's testimony about a conspiracy theory involving him, others have suggested that the defence establishment is also making a deliberate effort to discredit Maj. Gen. Bess. A former military police investigator was submitted as a witness on Jan. 18 in the inquiry to that effect. He alleged that, among others, Maj. Gen. Chris Addy and Maj. Gen. Brian Vernon—two of the generals who announced their retirement last week—interfered in Bess's investigation of the Airborne's commander in Somalia, Lt.-Col. Carol Mathison. (Mathison's acquittal last year at a court martial on a charge of negligent performance of duty was subsequently over-



Vernon (right), Addy: stepping down early

turned by the Court Martial Appeal Court; a new trial has started, but is presently bogged down in procedural delays.)

Mathison's case, once he has been granted standing with the inquiry, and he was said to superior not to speak publicly immediately after first discussing his affidavit with the media on Jan. 26. Morneau's Defence Minister, Donald Cameron, said that Bess's allegations have drawn sharp criticism from work. Collette told reporters that Bess's concerns had already been passed on to the RCMP, who found no evidence of wrongdoing. But RCMP Inspector John St. Germain told the investigation that Bess had been linked to Bess's claims that a senior officer had falsified a document used to get a search warrant. Jim Hart, the Reform party's defence critic, then called for

Collette's resignation, saying that the defence department is trying to burn Bess down. "They're trying to intimidate him while the inquiry is trying to encourage him to speak the truth," Hart declared.

More questions were raised last week by the announcement of the coming early retirements of generals Vernon, 54, and Addy, 52. Vernon, who succeeded MacKenzie as commander of the Central Region, is currently commanding the 3rd personnel division of headquarters in Ottawa after losing his command last year during the scandal over base orders of Airborne being issued. Addy served in Croatia with the UN peacekeeping force and was a member of the military's own investigation of the Somalia affair. (The third retired officer is Maj. Gen. Barry Ashton, who was the deputy commander of the UN peacekeeping force in the former Yugoslavia and was not involved in Bess's investigation.) Dupont,

for one, says that he spoke with one of the generals at Chastelain and learned that their upcoming, simultaneous announcements would be no coincidence. Says Dupont: "It was a deliberate display of incompetence in the new chief of the staff."

That can, 48-year-old Air Force general Jean Boyle, a Canada's youngest ever military chief and was selected over several others largely because of his relative distance from the Somalia affair. Publicly, though, the retiring generals gave less reasons for their decision. Addy said only that he was leaving for both professional and personal reasons. But Vernon, when contacted by Maclean's last week, denied having any ulterior motive. "I want to retire to the West Coast to kill some fish," he said. "There was absolutely no collective decision. The decision was mine. In addition, Vernon declared adamantly that his retirement was unrelated to Bess's concerns—and that he is ready to respond to questions about his role in the Somalia affair."

He said Boyle felt that opportunity within the coming election. With no foreseeable agenda, meanwhile, the Somalia inquiry, originally scheduled to wrap up in December, 1995, is expected to ask for more hard data and an extension until early 1996. And, as Collette indicated last week, there is more and more evidence of the inquiry to Canadians that a lot of the troubling things that have come out recently are going to continue," he told reporters last week. "This is not going to be a very happy occasion." For Canada's once-pride military, the truth will have to hurt.

By Paul TESSIER in Ottawa

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Canada NOTES



MOTHER NATURE'S FURY: The towns of Châteauguay, Que., became a disaster area when the Châteauguay River, swollen by six years, overran its banks. By week's end, floodwaters had reached most of the 1,800 people forced to evacuate the town just southwest of Montreal had returned home. Quebec Public Security Minister Serge Manard promised compensation for flood victims, but it will be at least three months before cheques are issued.

Sixth on the Rock

Amid widespread speculation about an imminent snap election call, Newfoundland's sixth premier, Brian Tobin, was sworn into office. The former federal fisheries minister, who represented all 13 cabinet ministers who served under his predecessor, Clyde Wells, announced that an election call was indeed around the corner as he urged Newfoundlanders to have "a rest this weekend and be ready for an interesting week." But Tobin, 41, declined to outline any new policy initiatives for the province, saying that "We don't intend to have policy written on the back of an envelope."

SRL, he pledged that his government would be socially and fiscally responsible, while working towards the revitalization of rural communities and the maintenance of quality health care and education, as well as a united Canada. For Wells, 58, who formerly refused calls as the day the moment was clearly behind him. "There will always be a beagle of re-

gret that you're no longer involved in the exciting and challenging aspects of governing the province," the former premier said.

Blood scandal

Lawyers for more than 60 groups and individuals—including the federal government, eight provinces and the Canadian Red Cross Society—are to appear in the Federal Court of Canada this week to argue that the Châteauguay federal commission of inquiry into Canada's tainted blood scandal has contravened Canada's Charter of Rights and Freedoms. The court action, spurred by notices of possible misconduct sent to various parties by the inquiry on Dec. 24, will argue that the commission's chairman, Ontario Court of Appeals Justice Horne Reeves has no right to assign blame in his final report. Representatives of the more than 13,000 Canadians infected through transfusions or blood products with either HIV or Hepatitis C during the 1980s argued that the legal action is a cynical attempt to keep the truth hidden.

A BIG-TIME BUST

After a 3½-year undercover operation, the RCMP laid about 1,100 charges involving drug trafficking, money laundering and currency violations against 90 people across Canada and the United States—with further charges expected. As part of a massive sting operation known as Project Eysenck, RCMP officers operated a currency exchange office in downtown Vancouver. The office handled \$40 million in criminal cash during the investigation.

FIGHTING OVER WELFARE

In an escalating row over welfare payments, the B.C. government launched a provincial Supreme Court suit against Ottawa, demanding that the federal government turn over \$47 million in welfare funding. Ottawa has withheld money because of the province's controversial three-month residency requirement for welfare applicants. British Columbia claims that because of a 1980 cap on federal payments, federal money for the province ran out two months before Dec. 1, when the new residency requirement came into effect, and the \$47 million is owing for last October and November.

REPRIEVE FOR RC

Newly appointed Heritage Minister Sheila Copps, whose mandate includes the CBC, announced an 11½-hour reprieve for the broadcaster's short-term service, Radio Canada International (RCI), which received half its annual \$15.6-million budget from the foreign affairs department, was to be closed on March 31. Now, Copps said, she and the new foreign affairs minister, Lloyd Axworthy, have agreed to free up funds for RCI's continued existence.

BRUTAL MURDER

A 13-year-old boy was convicted of second-degree murder in connection with the brutal murders of an Anglican priest and his wife in suburban Montreal. The youth was one of three teenagers charged in the killings last April of Rev. Frank Loopy, 76, and his 79-year-old wife, Jocelyne. The boy faces a maximum of three years in prison.

NO ELECTION—YET

Lucien Bouchard, who is to be sworn in as Quebec premier this week, said he has no intention of calling a provincial election this year. In a speech in Quebec, where he is running uncontested in a Feb. 10 by-election, Bouchard also said that another referendum on independence will not be held until the next election, and that his fiscal problems. But, he added: "That day is not far off."

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A TROUBLED CITY



Looking north to Kowloon from the Kowloon Peak, most want to leave

WORLD

Tension rises in Hong Kong as its 1997 handover to China looms

Twelve years after Lawrence Wong declared that he would rather leave Hong Kong than live under Chinese rule, he is finally ready to make the move. Concerned that Britain's last major colony will change for the worse after China takes over sovereignty on July 1, 1997, the 36-year-old accountant intends to apply for a Canadian citizenship visa this spring. He and his wife Kim to feel their two young children will face a bleak future if they grow up in Hong Kong. "We think they will have the same opportunities that I had for the last 30 years," the Hong Kong native says. "The best promotion will suffer a lot." Confident that he can sell his apartment for a profit, Wong expects to have saved enough money to relocate his family to Toronto by next January.

The Wongs will be joining the hundreds of thousands of Hong Kongers who have already left for Canada, Australia, the United States and other countries. Thousands more will be on the way this year. Most feel little nostalgia for the departing British, but fear that China, in its haste to reclaim the once-barren rock it was forced to surrender in 1842, will bury all that was benevolent about the colonial system. The British presence is already fading. "The Royal Hong Kong Jockey Club—cradle of much of the social life of the pre-1997 colony—has decided it will no longer be 'Royal' after 1998. Gulfair Pacific Airways, the leading carrier, has

parted over the Union Jack on the tails of its planes. And the Hong Kong Club, long a favorite watering hole of the British establishment, has lost facilities to the elegant China Club, where conversation is more likely to turn on the latest power struggle across the border than the most recent scandal to hit Buckingham Palace.

But the changes are more than cosmetic. The balance of power has already shifted as the transition gathers steam. Hong Kong politicians now take their cues from Beijing, not London. The British colonial administration makes no major policy decisions without first consulting the Chinese. Soon, it could find itself outmaneuvered by the 150-member preparatory committee sworn in by Beijing last week to help administer the colony's post-1997 government. With just a year and a half to go, Hong Kong is a constituency shaped by uncertainty and doubt. After biding time and West so successfully for so many years, it must now become a Chinese city and embrace a nationalism that shuns its ancient culture but little of its modern tradition.

Optimists about the process is in short supply at the moment. A January opinion poll found that 61 per cent of Hong Kongers aged 15 to 24 would migrate overseas than stay beyond 1997. Their parents are no more sanguine: a poll last summer revealed that more than half of residents oppose reunification with China. If Beijing failed to get the

message, it was driven home unmistakably by last September's Legislative Council elections. Pro-democracy candidates swept 17 of the 26 directly elected seats in the de facto parliament and dealt China a humiliating setback in its effort to win local hearts and minds. The outcome was no surprise to liberal legislator Christine Loh. "Hong Kong people are unhappy," she says. "They think they are being stampeded into something China does not want. Hong Kong wants to be a free society."

Recent events have only intensified their concerns. Just moments after the polls opened on Sept. 17, China issued a statement reminding voters that the Legislative Council would be dissolved in 1997 in readiness for election reforms (introduced three years ago by Hong Kong's governor, Chris Patten). Several weeks later, the preparatory working committee (PWC), appointed by Beijing in 1993 and now replaced by the preparatory

Committee, has been faulted for speculation that as many as 100,000 people may leave the socialist strong colony in 1998. The Canadian commission in Hong Kong says a 15-per-cent increase in emigration-visa applications over 1994, although the numbers have not reached the high point of the early 1990s when thousands of Taiwanese were lured. Lawyer Hugh Gillespie, president of the Canadian Chamber of Commerce in Hong Kong, says he always expected a pre-1997 pickup—"the last-minute club," as he calls those who leave for political reasons. "The best we can say is that things have not improved," says Gillespie. "There is not enough certainty about how China will govern Hong Kong after 1997 to stop people from applying." Some 60,000 Hong Kongers continue to leave for other countries every year, including 30,000 to 40,000 for Canada. The Canadian commission also estimates there are 80,000 to 100,000 Canadian passport holders living in Hong Kong, at whom credit fly to Canada in the drag of an echo.

Many of them are Hong Kong natives who have gone back to take advantage of better economic opportunities. But with Hong Kong's economy in a prolonged slump, people have fewer reasons to return these days. Although the stock market has rebounded, the colony's economic growth last year slipped to five per cent for the first time since 1994. Unemployment, though still low by Western standards, more than doubled to reach 3.8 per cent. And as a city whose residents were born to shops, retailers experienced their worst year in over two decades. "When you combine political uncertainty with economic uncertainty, you are just keeping people to leave," says academic Michael McElroy, head of the Hong Kong Transition Project.

Even Patten concedes that there is little London can do to reassure people about the future. It was always assumed that the last British governor would be marginalized as the transition progressed, but Patten has been entirely eclipsed in recent months. That is largely the result of Beijing's campaign to isolate him as punishment for his constitutional reform. Mainland officials refuse to meet with him and are instructed to avoid social engagements to which he is at all invited. One Chinese spokesman warned Patten recently that he would not be allowed to attend the handover ceremony if he continued to challenge China.

The governor has also been undermined by what appears to be a change in British policy on Hong Kong. It has become clear in recent months that London is no longer inclined to pursue policies that might lead to confrontation with the Chinese. Britain ended in an several key points last summer in revising a widely criticized deal with China over Hong Kong's Court of Final Appeal. British Foreign Secretary Malcolm Rifkind failed even to raise the question of the Legislative Council's future during talks with his Chinese counterpart, Qian Qichen, in October. And London's long-standing refusal to give the colony's 3.2 million British passport holders the right of abode in Britain has only reinforced Hong Kong's frustration. "People have given up on Britain," says legislator Emily

MILESTONES



Chinese President Jiang Zemin begins regime

Hong Kong Gov. Chris Patten eclipsed

The relationship between China and Britain over Hong Kong has been busy ever since the Opium Wars of the mid-1800s. A checklist of key dates in Hong Kong's past and future.

1842: The Treaty of Nanking cedes Hong Kong Island to Britain after the First Opium War. The New Provision is added in 1860.

1885: China grants Britain the outlying New Territories on a 99-year lease.

1984: Britain and China sign a Joint Declaration pronouncing Hong Kong "a high degree of autonomy" after its return to China on July 1, 1997.

1997: The British flag comes down at midnight on June 30 and the Chinese one goes up. Under the Joint Declaration, China continues to consult Britain on Hong Kong transitional issues for three years.

2047: End of the Joint Declaration's 50-year period for capitalist Hong Kong to retain separate status from the mainland. The new governing Hong Kong's "one country, two systems" formula.

Loh and outspoken lawyer Martin Lee, from the preparatory committee has only added to the perception that Hong Kong public opinion counts for little with China. Britain has passed over Dorothy Lee, a Hong Kong pro-China politician who has given increasingly disillusioned with the way the mainland regime has behaved during the transition. "They only want people who are pleased and agree with everything they say," she says. "That's their idea of stability and co-operation."

The December consultation and sentencing in Beijing of leading Chinese dissident Wu Jiazhong was the final straw for many residents. Several thousand people gathered on consecutive weekends outside British News Agency, which acts as China's embassy in Hong Kong, to protest Wu's imprisonment. A perhaps the most emotional outpouring to the colony since 1989, when tens of thousands of Hong Kongers took to the streets to protest the Tiananmen square crackdown in Beijing. Many local commentators point to the fragility of the position led by President Jiang Zemin, who is still trying to shore up his reputation as the second successor to ailing political leader Jiang. "The golden rule is to take the leadership position to show the party orders that the leadership is strong," says dissident Lee. "The top priority is to be able to control Hong Kong. That explains everything they have been doing."

Law. "They do not deal any kindly with Britain because Britain didn't want us. They feel resentful."

The British influence on Hong Kong will continue to diminish as the preliminary committee, dominated by pro-British lawyers and Chinese-speaking business tycoons, begins its work. One of the committee's main tasks will be to select the 18-member selection committee that will, in turn, appoint the first chief executive of the post-1997 government. The Chinese have never been best at who is in the room, let alone who is in the room. The first chief executive will be chosen from three likely candidates: Hong Kong's top civil servant, Chief Secretary Anson Chan, lawyer and publisher Le Tung-shing, and shipping magnate Tang Chee-han.

The appointment of Chan, 58, would straddle the accounting and company administration firms and allow for a seamless transition, but bar close association with Police may prove to be an insurance-policy hurdle. A Lo nationalist would signal a far less tolerant attitude towards Hong Kong. The 61-year-old son of one of Hong Kong's oldest and wealthiest families has already proved his loyalty to Beijing—he is a central figure in the attack on the Bill of Rights—and would be much more concerned with maintaining stability than curbing the actions of his constituents.

Tang, 58, would represent something of a compromise between Chan and Lo—and is fast emerging as the frontrunner. He was recently endorsed by Henry Fok, a vice-chairman of the proprietary committee and a close adviser to Beijing. Influenced by Le Tung-shing, a committee member had a major investor in Canada. Fok's allegiance to having a businessman at the top of Hong Kong's post-1997 administration, that was viewed as a tacit endorsement of Tang, who heads Citicor Overseas (International) Ltd. A Tang appointment would likely mesh with British approval since he is a member of the Executive Council, Fok's cabinet. William Overhill, a managing director of Barlums Trust in Hong Kong and author of *The Rise of China*, is confident that the Chinese

will take into account the views of the colony's residents. "There is no question they are looking for the middle ground," he says. "The way they are handling it says that they do care about the residents."

Londoner Loh observes, "They no longer see it as necessary to get public approval," she says. "They think the support of the business community is sufficient." She adds others fear that the Chinese regime is now determined to bring Hong Kong to heel to matter what the cost. They point to Beijing's heavy-handed but effective effort to intimidate the colony's green corps. Many journalists say self-censorship is already prevalent among Chinese-language dailies.

Pro-consolidator Lo, a member of the proprietary committee, says that the Bill of Rights compromise is only the start of an effort by China to overturn Hong Kong laws it finds make it difficult to reinstate stability. "There are many other pieces of legislation which we anticipate will be hot topics during the next two years," he says. Lo also warns against any bid by Hong Kong residents to influence the mainland's politics. "I would beg them to please don't do this kind of rubbish. You are endangering everyone else."

The challenge for Hong Kong is in knowing where the political boundaries lie. Though the Sino-British agreement of 1984 promised the colony "a high degree of autonomy," it will nevertheless become a part of China. As the Chinese authoritative struggle to keep control over a country in the throes of an economic revolution, any sign that Hong Kong is turning into a hotbed of subversion will surely meet with a stern response. Money, money will be applauded, money for fighting will create unpleasant consequences. The colony has already defied a longstanding rule of nonconcordance in its future under Chinese rule. Many residents fear that this will not simply be forgotten at the stroke of midnight on June 30, 1997.

MICHAEL STEINBERGER in Hong Kong

Any sign that Hong Kong is turning into a hotbed of subversion will meet a stern response



To 'they're making contributions'

NEW TALK OF A B.C. INFLEX

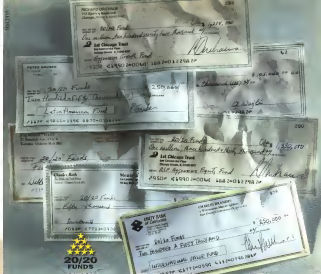
To hear some local media tell it, Vancouver was set for a human deluge. Having absorbed some 70,000 immigrants from Hong Kong in the past 15 years, the city recently learned that thousands more might be preparing to jet across the Pacific as China's mid-1997 assumption of sovereignty over the British colony draws closer, sparking the reports were new figures from the Canadian commission in Hong Kong, which appeared to show that applications for Canadian visas were up 50 percent in 96 percent in the past year.

Dave Abbott, who heads a talk show on radio station AM 1040, soon began getting calls from citizens reeling from the supplied speech of "Hongoverflow." Says Abbott, who returned from a working stint in Hong Kong three years ago, "There is an underlying fear out there that we're going to be swamped also some '97, that Vancouver International Airport will overflow with refugees clamoring to get in." As Abbott himself is quick to note, such a scenario is unlikely. For starters, Canadian immigration authorities have back-

days of immigrant-busting in the 1980s. "Many times we hear one of these stories, people start talking about how immigrants are straining jobs and collecting welfare," says Lillian Lo, executive director of the industrial immigrant society S.U.C.C.E.S.S. "It's not like these people are taking over the province. They're making contributions."

Analysts such as Michael Goldberg, dean of commerce at the University of British Columbia, believe the decade-long influx of Asian money and talent allowed the province to stave off the next recession that battered much of Canada. The provincial government clearly agrees. In December, it unveiled a new \$5-billion British Columbia Investment Fund to add 10,000 jobs. In fact, 13,000 remain in places such as suburban Richmond, where a large number of Hong Kong newcomers have settled. Even so, apart from letters to the editor, schoolyard scuffles and Caucasians grating that they are excluded in Asian-oriented shops, the newcomers are mostly assimilated. "The amazing thing is that we are not far from tranquility, then we are," says Tony Carrigan, who oversees English programs for the Richmond school board. "People are adjusting and the community is coping."

ROBIN JACOB in Vancouver



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Photo courtesy of the Alzheimer Society of Montreal

World NOTES

HILLARY TESTIFIES

In an appearance unprecedented for a First Lady, Hillary Rodham Clinton testified for four hours before a grand jury on what she knew about security discovered documents in the so-called Whitewater scandal. Billing records from her time as an Arkansas lawyer had mysteriously reappeared on a White House table after being sought by investigators for two years. Rodham Clinton said she told the grand jury she did not know how the records came to be found but that they confirmed her assertion that she did "intensive" work for a failed savings and loan institution under probe.

CHECHNYA FIGHTS ON

Despite Russian President Boris Yeltsin's attempts to crush Chechen separatists, fighting continued at a high price in the breakaway southern republic, killing six Russian soldiers. Chechen rebels released 46 men hostages seized in a raid in neighbouring Dagestan after Russian forces over the bodies of 43 Chechen fighters killed in the mounting battle. But the rebels still held 14 Russian policemen, as well as 30 municipal workers in the Chechen capital, Grozny.

NORTHERN IRELAND RIFT

British Prime Minister John Major proposed that elections be held in Northern Ireland before all-party talks are held on ending sectarian warfare there. He spoke soon after a panel headed by former U.S. senator George Mitchell said that the British demand for Irish Republican Army members to hand in their arms and guns talks was unrealistic. Major's proposal, effectively endorsing the Mitchell report, caused an immediate rift with Dublin.

RWANDANS ON THE MOVE

Tanzania agreed to accept 7,000 Rwandan refugees fleeing the areas rich of ethnic violence in Rwanda. The refugees were mainly Hutus fleeing revenge attacks from Tutsis in Rwanda, which has a tribal mix similar to Rwanda's. In 1994, about 500,000 people in Rwanda were massacred—mostly Tutsis.

TOKYO EVICTS HOMELESS

Eggs, beer cans and other debris piled down on Tokyo police as they broke through a barricade of 200 homeless men fighting evictions. The troops ended months of conflict with city officials aimed at clearing away the "fortified village" in order to build a new shopping centre. A passageway between City Hall and Shinjuku station, one of Tokyo's busiest.



A PAINFUL PEACE: A Palestinian man was injured when Israeli soldiers shot him with a rubber bullet while clearing a crowd of stone-throwing protesters. The villagers said a Jewish settlement beside their West Bank community of Halia was illegally annexing their land. Tension remains high between Palestinians and settlers who oppose the handover of land for peace in the area.

Haiti beckons

Canada is weighing whether to send about 700 soldiers to replace U.S. peacekeeping forces in Haiti when they withdraw on Feb. 29. The UN and the United States requested Canada to take the lead in a "humanitarian force," said newly installed Foreign Affairs Minister Lloyd Axworthy. Government sources indicated a Canadian general will likely take over command of an 1,800-strong UN mission, which is to be reduced from 6,000 under a UN Security Council resolution due Feb. 8.

If Ottawa agrees to the deployment, the Canadians would come from the 1st Royal 22nd Regiment—the French-speaking Vendôme-based at Valcartier, Que., who are next in line for an international assignment. But Foreign Affairs spokesman Colin Stewart cautioned the move had yet to be approved by cabinet. "It is not just a rubber stamping," he said. "But it is seriously being looked into." Canada already has 1,000 troops headed to

Bosnia as part of a NATO force. The UN moved out Haiti after the United States in 1994 brokered a deal to reinstate President Jean-Bertrand Aristide, who had been deposed by a military coup in 1991. Limited to one term, Aristide is set to hand over power to new president René Preval on Feb. 7.

Friend or spy?

Polish Prime Minister Jacek Oleksy resigned in order to clear allegations that he had spied for Moscow from the early 1950s until shortly before he took office last March. Oleksy, 45, has admitted to a friendship with a man who was later unmasked as a Soviet spy. But he denies that he knew the man's true identity or that he passed along classified information. Oleksy says the claims, which are being probed by prosecutors, are a political trick cooked up by supporters of Lech Wałęsa, who lost the presidential election to Aleksander Kwasniewski in November in a hard-fought campaign.



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A kickboxing chairman plots Corel's return to profitability

BY TOM FENNEL

During his 16-year reign as a world champion kickboxer, Joe-Yee Thurnthall punched out some pretty tough fighters. But even he is impressed with the scrappy opponent who waits for him each week in a glass-and-traffic-mirrorless in Ottawa's tiny Rockcliffe neighborhood. A year ago, Thurnthall began training one of Canada's best-known high-technology pioneers, Corel Corp. founder and chairman Michael Cowpland. He knew immediately that Cowpland, 52, was serious. "You could not this guy is a demon man," says Thurnthall. "He is completely involved in what he does." These days, Cowpland is most involved in the struggle to turn around Corel, which has been battered by a sales slump and by a dramatic sell-off of high-technology stocks. Thurnthall thinks kickboxing might just hold the answer to Cowpland's problems. "It helps focus the mind."

Cowpland has a lot to customize on. The company's best-selling product, a graphics software package called CorelDraw, has proven a runaway success since its introduction in 1985, and is now sold in more than 60 countries. But last August, Corel's market value fell by issuing an updated version of CorelDraw that could be used on computers running Microsoft Corp.'s new Windows 95 operating system, but was not compatible with earlier, more widely used versions of Windows. So far, Windows 95 has failed to meet sales expectations—with the result that demand for CorelDraw has also fallen off. Adding to the embarrassment, three senior executives at the company dumped most of their shares in the company shortly after the stock dropped 8% in November. In mid-January, Corel shares slipped below \$20 when Cowpland announced a \$70-million loss in the fourth quarter of 1995, lowering the company's profits for the year to \$115 million down from \$325 million in 1994. Now, Corel is trying to boost profits by launching a string of new products in the hotly competitive video-conferencing and CD-ROM markets. "We won't have to wait long to become rich," a shrillish Cowpland told *McGraw-Hill*.

But Corel's worst-case shareholders may have something else to fret over. As early as this week, the company is expected to announce a major entry into the word-processing market with the takeover of WordPerfect Corp., once the industry standard, Word-



Cowpland at Corel's Ottawa offices, still seeking success

DOWN, BUT NOT OUT

Perfect still has more than 20 million users worldwide, but has been overtaken in recent years by Microsoft's own word-processing suitware, *Word*. The parent company of WordPerfect, Novell Corp. of Provo, Utah, has been trying to untangle it for almost a year, and many software specialists believe the product's future is dim. But Cowpland evidently believes a new marketing plan can turn WordPerfect around. "I think we could regain quite a bit of market share," said Cowpland, "because we would have strong marketing and a [graphical software] product that is the best in the field."

If it is any consolation to Cowpland, Corel is far from the only high-tech company that has encountered a few bugs lately. Investors have been hammering the sector since November when weak sales began to erode earnings and analysts advised investors to take their profits. Up to that point, computer industry stocks had rocketed upwards for 18 straight months. While the sell-off appears to be slowing, there is little immediate relief in sight—a factor that will only complicate Corel's fight to regain ground. Trying to buy technology shares in the current climate, says Dennis Perret, president of Javelot Investment Research in New York City, is "like trying to catch a falling knife."

Cowpland, however, has risen from the sales below—and even some of his competitors are sure he will do so again. Born in Brix, Hill, England, Cowpland, who spent his teen years selling air cream during Wimbledon tennis tournaments, came to Canada in 1984 after being recruited to work as an engineer for Bell Northern Research. He received his PhD in electrical engineering from Ottawa's Carleton University in 1973. That same year, he co-founded Miti Corp. with Terry Mattatson, now the chairman of Newbridge Networks Corp. Miti quickly became a world leader in computerized telephone switching systems, but by the mid-1980s it was lagging in the face of product delays and mounting financial losses. Cowpland walked away in 1988 after selling his interest in British Telecom PLC, which still owns the company.

He was set down for long. Within months, Cowpland launched Corel with the aim of giving desktop computer users the tools to design charts and graphics. As Microsoft Windows spread in popularity—fueling sales of desktop computers and creating a market for graphics software—old CorelDraw, used by 1990 to command more than 50 per cent of the market, few industry insiders were surprised by Corel's success. "Mike Cowpland is one of the most innovative guys," says Michael Potter, 51, who recently retired with more than \$100 million as chairman of Ottawa-based Capgem Computers Corp., Canada's second-largest software developer after Corel. "He reinvents the rules."

Cowpland has also reinvented the rules of demand in Ottawa's undisciplined social scene. Back in Mike's heyday, he bought a 10,000-square-foot house just west of Ottawa from developer Robert Cameron for \$800,000. Then, he added an indoor-outdoor pool and a detached house. There were always plenty of guests who parked outside the home, neighbors spoke disapprovingly of Cowpland's "high-bitch pleasure palace."

The Corel chairman is still making noise. He and his fiancée, second wife, Marilyn, 38, still moved into a new 10,000-square-foot

residence in Ottawa's trendy Rockcliffe Park, an event that immediately set tongues wagging. When they are not at their beachfront home near Boca Raton, Fla., they may find it in the city's silver-horn (pink) are usually parked in the building's 30-car garage. The master bedroom alone occupies about 4,000 square feet, leaving plenty of room elsewhere for their three furry companions—a golden retriever named Boudie, a Maltese terrier called Binky and an Afghan that answers to Chai. Privately, nearby residents have complained of the couple's constant, which explains why Cowpland is now relocating even to Ottawa. "They are finally coming down," he said. "We don't want to live the life."

Among the house's special features, squash and tennis courts that enable the Cowplands to indulge their passion for physical fitness. In addition to pursuing racket sports and martial arts training, both fit. "Marilyn can lose me at kickboxing, eventually with these new rules," jokes Cowpland, an accomplished tennis player who has competed in Wimbledon in the English National Senior Tournament. "High-tech is pretty exhilarating, but you can get pretty bored. You need a physical outlet as well."

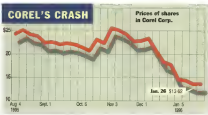
Now, Cowpland is running hard to ensure that Corel does not go the way of Miti. During a recent presentation to the local media at Toronto's conservative Ontario Club, Cowpland appeared optimistic, as he revealed the videoconferencing technology. By linking computers and video cameras, CorelVideo is designed to allow for their employees to speak to, and see, one another instantly. People working in a sprawling corporation, for example, will be able to hold instant meetings without leaving their offices. The equipment and software will cost about \$1,000 per employee. "We will make lots of millions of dollars," boasted Cowpland. "By the year 2,000, there will be one on every desk."

Analysts, however, caution that CorelVideo faces stiff competition. Ray Kitzikoff, an analyst with Citicorp Capital Corp. in Toronto, says the emerging videoconferencing market is already dominated by Actel Corp. of Danvers, Mass., and Santa Clara, Calif.-based Pictel. As a result, there is no guarantee that the industry will really embrace Corel's technology. "The big question is whether there is a need for videoconferencing on a mass scale in 1996," says Kitzikoff. "Is Corel on a banking on it?"

Corel's other challenge is to boost earnings from CD-ROM sales. Andrew Watson, an analyst with Eagle & Partners Inc. in Toronto, says a well-designed CD-ROM product can earn as much \$50 million, but that such "business cases" are becoming rarer by the day. Corel's two new products, there are already at least 5,000 CD-ROM titles for the home market on sale in North America. Corel itself has introduced more than 30 new CD-ROM titles, including its popular All-More Guide, a database of 90,000 movies. Still, Watson says it is just a matter of time before the company hits out of the park. "Corel is not just pulling out stop," says Watson. "You have to believe one or two of the titles will be big."

Even if Corel comes up with a winner, it will still face a stormy year if the sell-off in the technology sector continues. Kitzikoff, however, says that many of the quality companies that have lost ground in the technology sell-off are rebounding as speculators realize the pendulum has swung too far. "In spite of the correction, selected companies will continue to do well," Kitzikoff says. Although he adds he is not sure if Corel will be in that group.

Cowpland, naturally, says he is convinced his company will rebound. "When the market sees the merits of CorelVideo, we will cash ahead." He also dismisses any comparison between the collapse of Miti and Corel's current woes. "People are not looking at our huge margin of problem company, our business," he says. His shareholders are certainly hoping he is right. □



The end of a dream

Molson jettisons a money-losing U.S. subsidiary

In his most recent incarnation as chief executive officer of Molson Coors, Michael A. Cohen, universally known as "Mikey," repeatedly stressed two points. The first was that he would get growth from Molson, the oldest brewery on the east coast, through Inverness Corp., its wholly owned subsidiary. The second was that any suggestions that he was more interested in globalization globally than attending to more mundane corporate pursuits were simply wrong.

Times change, and so do dictums. Last week, after months of negotiations, Molson sold the lion's share of Inverness to Unilever for \$780 million, the offer more than doubling Cohen's stake. Cohen, too, is no longer a die-harder, including re-investment advisers Lazard Frères, at an entrepreneur's champagne party at his Riverside home. By week's end, as Bay Street pondered Molson's future—and, for that matter, Cohen himself—Cohen himself was making personal preparations to jet to Davos, Switzerland, to attend the world's annual world economic summit.

Cohen split his what Cohen, three-time deputy minister and current president of the Bitchmen's Olympic & Park Enterprises Ltd., was supposed to do when he signed into Molson in 1986. And he did. A bit drol with Elders 80, the Australian company that had purchased Corking O'Rourke in 1987, created Molson Breweries, eventually equity by Elders and Molson. In one exchange, Cohen sold his ownership to a third-party 55-percent Canadian market share from 34 per cent. His stake fell 20 per cent of the brewery was sold to Miller Brewing Co. of Milwaukee, leaving Molson with 60 per cent and Foster's—the company that emerged after the corporate demise of Elders—20 per cent. In the year 2002, Molson can exercise a call to buy back 30 per cent of the brewery held by Foster's, taking it to a 50-per-cent position.

But Cohen, who drove annual compensation from Molson of more than \$1 million, was never much interested in beer. He was going to build a business trading in commodities. In that mold, in 2001, he bought Cincinnati-

based DeBios Chemicals Inc. and merged it with Molson's Deverley Molson had bought Deverley in 1978, per Cohen, as part of a diversification drive that also took it into home hardware and drugstore chains. Through Deverley, a maker of cleaning and sanitizing compounds for the hotel and restaurant industry, Cohen was to use administrative services contracts through U.S. hotel-corporate companies.

It did not work out. While Deverley was profitable overseas, it was a huge money loser in the United States. In 1994, Deverley lost \$377 million (less on reversion of \$404 mil-

lion) to Cohen, but not for sold. But according to Barry Joslin, senior vice-president of corporate affairs, top executives decided over the past few months that it was time to cut their losses on Deverley.

It will likely take four months for the Unilever deal to close, and Molson still has to write agreements to sell remaining pieces of Deverley. When that is done, the company will receive in total an estimated \$1.1 billion. Joslin says it will use between \$350 million and \$400 million to pay down debt. The remainder will be used to refinance the company on the product that started it all at Montreal in 1768.

Part of the Molson strategy will be to "retire Cohen to the comfort," says Joslin. In the past six years, Molson's Canadian market share has slipped to 48 per cent. The company has named three regional presidents and transferred marketing staff to develop local strategies. The regions will work under John Barnett, who replaced Bruce Page as

BACK TO BASICS

In the 1960s and early 1980s, diversification was a mantra in the corporate world. But like Molson, many companies are now shedding assets to concentrate on their core product lines. Recent examples:

- **Daimler-Benz A.G.**, of Germany, which makes Mercedes-Benz cars, announced last week that it is abandoning Foster M.V., the troubled Dutch aircraft business it purchased two years ago. Daimler-Benz lost \$5.7 billion in 1999.
- **Horley-Devonshire Inc.** of Milwaukee has put its money-losing recreational vehicle operations up for sale. The company will focus on its profitable motorcycle business.
- **Borden Inc.**, the Columbus, Ohio-based food products giant, last week said it plans to sell its workable plastics packaging unit.
- **B.C. Sugar Refinery Ltd.** of Vancouver has spent the past three years selling oil, gas and chemical assets in order to focus on its sugar business.
- **Celt Corp.** of Toronto last month announced plans to sell assets in Loblaws Brewing Corp., Hines Food Ltd. and Murphy's Potato Chips Inc. After reporting a first-quarter loss of \$9.8 million, the company seemed to concentrate on its core business, private-label soft drinks.



chief of the ruling Molson clan, which will control roughly 80 per cent of the voting shares in Molson Coors.

But it will not be easy to find a brewing bargain. The consensus in the beer industry is that prices for breweries are high. Belgium's Inverness was criticized for overpaying when it bought Light for \$2.7 billion and took a prime last summer. And before this, Labatt could not get back for buying 50 per cent stake in Pilsner Brewery of Mexico for \$70 million, an investment whose value had to be written down by \$200 million after the collapse of the Mexican peso.

In seeking for good brewing investment, Molson needs to compare against some of the world's biggest beer houses. Anheuser-Busch of St. Louis has been on an aggressive foreign expansion kick for several years now. And Heineken of the Netherlands and Carlsberg of Denmark are two more giants looking to grow globally.

Like Molson, all these companies face stagflation, if not contraction, in markets at home and want to move into new markets. And Latin America is where beer drinking is becoming more popular instead of less. Just because there is more demand for beer, however, does not mean it is easy to use to make any from their home brews. With all its experience and clout, Carlsberg experienced a costly failure in Thailand recently when it tried to compete with Singha, the most popular domestic beer in the country. Molson failed to tap acquisition grass in the near term, it may use the Deverley proceeds to pay a special dividend to shareholders and start a share buyback.

Such travels will, presumably, be Nicky Cohen's next challenge. But, as Scott Mallick beverage analyst Brian Lanza says, "the Canadian market is not as big as the U.S. market. From his downtown Toronto headquarters, Cohen keeps company not just with 50 U.S. breweries, but also with 130 in his own country. Recent employee moves have showed more bodies back to the brewery. What Deverley does, Cohen has taken himself of the property that he had taken so long to build. He was supposed to be a Canadian and he would be any more at Molson-and-reversion. "We're at a transition stage now and Mr. Cohen's looking forward to that challenge," says Barry Joslin. The transition-Mike Cohen could not be reached for comment.

JENNIFER WELLS with
ANN BROCKLEHURST in Montreal

An image problem

Trying to diffuse the impact of the digital revolution is an impossible task, but one lesson is clear: new technology tends to create opportunities for small



BY ROSS LAVER

PERSONAL BUSINESS

While creating the corporate giant, the folks at IBM knew all about that. Twenty years ago, Big Blue seemed unassailable. Yet today, as a result of the company's failure in the 1980s to take personal computing seriously, it has only a tiny share of the market for PC operating systems and software. The policy error, which included IBM, Microsoft founder Bill Gates, now boasts a personal fortune of \$20 billion. But even Gates may not be immune to the laws of economic gravity. Lately, he's been struggling to catch up with the Internet boom, which has unleashed a pack of hungry young companies with names like Netscape Communications, San Microsystems and Silicon Graphics.

It would be a mistake, however, to assume that the consequences of this upheaval will be left only to the computer industry. Look at what is happening next to us in photography, a sector that has changed little since George Eastman, founder of the Eastman Kodak Co., introduced the mass-market camera in 1888.

Kodak became the world's biggest photographic company based on a simple principle: when film coated with silver-halide crystals is exposed to light by a camera, the crystals react to form a picture of the subject. More than a century later, photo artists still depend on light-sensitive photography to create their masterpieces. From his downtown Toronto headquarters, Cohen keeps company not just with 50 U.S. breweries, but also with 130 in his own country. Recent employee moves have showed more bodies back to the brewery. What Deverley does, Cohen has taken himself of the property that he had taken so long to build. He was supposed to be a Canadian and he would be any more at Molson-and-reversion. "We're at a transition stage now and Mr. Cohen's looking forward to that challenge," says Barry Joslin. The transition-Mike Cohen could not be reached for comment.

Like traditional cameras, digital cameras have a lens and shutter that instead of film, they contain a chip that converts light into hundreds of thousands of picture elements, or pixels. The pixels are translated into news and other on-line stored as a memory card. The image can then be downloaded in a computer, inserted into a document or sent over phone lines, so there's no chemicals, no waiting. And because the memory card is reusable,

you can snap all the pictures you want without running out of film at a photo lab. Naturally, that convenience comes at a price. Lowered digital camera sales for about \$1,000, with professional models reaching into the thousands, the technology is spreading. The Associated Press, the world's largest news service, began using digital cameras two years ago. Already, between 20 and 25 per cent of all AP pictures are digital in color. The Newseum, New York's first interactive museum, and its sister site, May, the Calgary Herald did it in August. Nick Daddick, a senior photographer at the Sun, medium, says other editors will follow within three years. "There's no reason to hold back."

At the consumer level, digital cameras are catching on more slowly, one problem is that image quality still lags behind film. Still, Canadians will buy an estimated 20,000 to 30,000 such cameras this year, in part because the Internet's popularity has helped demand for digitized images. Real estate agents and insurance adjusters have also been among the early adopters. And with prices likely to fall below \$200 by 1997, the market is certain to keep growing.

It's hard to spot the winners in this. Small companies that produce cameras and accessories are already seeing a rise in film and processing costs. Over time, so will consumers. By contrast, giants like Kodak are scrambling to reinvent themselves, lest they suffer R&D's fate. "I don't foresee digital ever completely replacing film, while, but our business is going to change dramatically in the next few years," says Hal Duffin, vice-president of marketing for Kodak Canada Inc. For one thing, he adds, the digital market offers "significantly lower margins" than Kodak has traditionally enjoyed from film and photochemicals. Over at Black Point Corp., the country's largest photo-finishing chain, chief executive Rod Smith is equally caught about the challenges ahead. "We think there's a role for us in the future," he says, "but if you add it to digital, which is what it's going to be, it could be a real challenge. Thousands of employees in other industries are wondering the same thing."

Business NOTES

Crisis for a funeral giant

North America's second largest funeral chain, The Loewen Group of Barrington, Ill., is in jeopardy on the heels of bad replay as a result of a U.S. legal battle. Shares in the company tumbled 25 per cent to \$18.00 after the Massachusetts Supreme Court upheld an order instructing the company to post its \$800-million bond. Last November, the court awarded Gulf National Group and Jerry O'Keefe, the operators of a Illinois, Mass.-based funeral home and insurance company, \$275 million after they sued Loewen over its purchase of two of their funeral homes in the state in 1990. They claimed that Loewen violated the terms of the sale when it opted to market its own financial insurance instead of purchasing policies from the National Group. Loewen has appealed, but was ordered to post the bond pending a settlement.

Loewen is now desperately looking for a way to finance the bond. If it fails to find a

backer by this week, the plaintiffs in the suit will be entitled to claim all of the assets of Loewen—which lists 914 funeral homes and 18,000 employees. The company is also considering seeking Chapter 11 bankruptcy protection in the United States, which would allow Loewen to keep operating until a resolution is reached. "Right now, we're covering with our bankers," said chairman Ray Loewen. "We are still hopeful that we can post the bond."

Loewen officials had hoped to reach an out-of-court settlement and had applied to have the amount of the bond reduced to \$170 million. Attorneys say the court's refusal to amend the order will make it more difficult to reach an agreement with the Illinois plaintiffs. Said Steve Salzman, an analyst with the investment firm Chicago Corp. in New York City: "The bargaining position of O'Keefe is now much stronger."

menting last week, some angry shareholders called for the resignation of top executives, as chairman chief executive Michael Spangler said he was acutely aware of Apple's problems. "I take responsibility," he added. "How can I not?"

Cashing out

A record 624,000 individuals under age 65 withdrew \$3.5 billion from their IRAs and paid taxes on the money in 1993—in many cases because of serious financial pressures. Statistics Canada analyst Hubert Frenken said the figure appears to mark the onset of a trend that surfaced during the 1990 recession. That year, 666,000 people under the age of 65 cashed in IRAs worth \$3.2 billion. Frenken said that 55 per cent of the withdrawals in 1993 were by people under the age of 45. One in five had no employment income or unemployment insurance. "A lot of people have their backs to the wall," said Frenken.

RYCKMAN'S LOANS

The provincially owned Alberta Treasury Branch loaned Calgary entrepreneur Larry Ryckman \$3.7 million in 1993 even though he failed to put up sufficient collateral, documents show. The province's securities commission recently banned Ryckman from trading on the Alberta Stock Exchange for 18 years after ruling that he had manipulated the value of shares in a company he owned. Opposite him was the issue exposed taxpayers to potential losses.

GI JOE REJECTS NABIE

Hasbro Inc., the New York City-based maker of Gi Joe dolls and Play-Doh, rejected a \$7-billion takeover offer from Matsui Inc., the maker of Barbie dolls. Matsui executives said they believed that without regulations likely would not improve the deal. Matsui is still pursuing a takeover, which would give it more than 60 per cent of the North American toy market.

CN BLEEDS RED INK

Canadian National Railway Co. of Montreal lost \$1.1 billion in 1993, a result of its decision to write down assets when the company was privatized last year. CN president Paul Teller said, however, that the company's regular operations generated \$440-million in profits during the year, meeting internal targets. Teller said the railway plans to become more efficient by cutting 1,500 of its 24,000 jobs in 1994—part of a three-year reduction of 11,000—and abandoning 3,300 km of track.

INTERNET FEVER

Shave in Open Text Corp., a high-technology company based in Waterloo, Ont., issued a public offering on the U.S. NASDAQ exchange. Shave in the company jumped to \$25 (U.S.) from \$15, before sliding back to close the week at \$15. Open Text, which sells software that can be used to search large volumes of text, operates one of the most popular search tools on the Internet's World Wide Web.

BROKER PLEADS GUILTY

David (Pete) Foster, a legendary Bay Street broker, pleaded guilty to one of the biggest stock swindles in Canadian history, totaling almost \$11 million. Foster was president of Durham Securities from 1985 to 1991. The Crown alleged that Foster and his vice-president, Alex Pekar, manipulated the price of shares in Bayridge Development, then sold them to unwary investors at inflated prices. Foster came to public prominence in 1933 when he by horse, Sonny's Hiss, won the Kentucky Derby.

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Liberalism's long shadow lingers on

BY PETER C. NEWMAN

Let me tell you, cabinet shuffle held off Lloyd Axworthy, the Clinton government's only significant small-liberal, into foreign affairs, where he will be presided by Canada's virginal stream of neocon commentators to have become hard-core—and good address.

Ha! That may be. The liberal tradition in Canadian politics will survive well beyond the current cabinet shuffle of a confused and confusing government. Despite the electoral successes of Ralph Klein in Alberta and Mike Harris in Ontario, our politicians have not become a northern farm team for New Gingrich's Platonic philosophy. No matter how deep the social program cuts of the federal Liberals and provincial Conservatives may become, there exists a basic sense among Canadians—which can only be reinforced by our politicians—that the unemployed, the sick, the poor and the elderly should not be allowed to lead lives of misery.

This feeling of a legitimate compassion is ingrained within the Canadian character, and even the more level of our national and provincial debts and deficits can tolerate it. The problems with such neo-conservative commentators as Andrew Coyne of *The Globe and Mail* and David Frum of *The National Post* is that they don't really believe Canada should survive. Surely, some nations do not deserve to exist," Coyne wrote in a typical column. "What is it about the Canadian psyche that qualifies it for preservation? The idea of Canada—the animating principle which alone allows us to believe that this mission is the right one—has long since disappeared. Whatever was noble or true or even coherent about Canada as an idea was broken out of 40 years ago."

According to this narrow way of thinking (making it more apt), Canada's political life ought to be governed by an ideology that holds that everything has a price, that every man is for sale to the highest bidder and that

The neo-cons have reduced Canada to a flag of convenience, to be discarded like a moth-eaten T-shirt. It ain't necessarily so.

humanity's highest achievement is to balance your budget—personally, corporately and nationally. Under that harsh protocol, the idea of Canada is reduced to a flag of convenience, to be used or discarded like a moth-eaten T-shirt. It ain't necessarily so.

Unlike that reactionary crowd, who claim to embody and defend, a feeling more than a doctrine, the notion that despite individual strains and weaknesses, people are inherently equal, possessed by the right to pursue their dreams and that the state has a continuing obligation to help the wanderer among them along the way. Canadians may say that they hate the idea of big government and that there ought to be a healthy on-love-only, but they don't want to give up what the public sector can do to improve their lives and up their chances.

One reason liberalism has such a hard time dying is because of its strong roots in Canadian history. In Canada, the division between the political left and right—the most common labels used to tell parties apart—was long ago turned into a determined struggle for the centre. Unlike politicians has been the dominant ideology of every 20th-century Canadian political

movement, with ambitions of longevity.

The divergent appeals that generally separate the Grits from the Tories date right back to the Family Compact of pauper Canada and the rebellions of 1837. Tories were then, and tend to be still, emotional loyalists, living sprung up from a vision of the fanatically crowd-worshipping Orangemen of Ontario with the ultrareligious Catholics of Quebec, a marriage between those who were more loyal than the king and those who were more Catholic than the Pope. Sir John A. Macdonald was able to unite these factions behind his moderately nationalist-conservative to establish the Liberal-Conservative party, which brought about Confederation in 1867. (The neoconservative party since reflected perfectly the philosophical byproduct of Canadian politics.)

The Liberals evolved from a totally different union: Les Bourgeois of Quebec and the Clear Grits of Ontario. Just as Les Bourgeois were anticlerical and violently opposed to Canada's British connections, the Clear Grits were, if not antireligious, certainly anti-Compact. (To emphasize their uncompromising nature, the Ontario Liberals took their nickname from the hard, gritty soil sought by masons in making house-building mortar.)

The most successful Canadian politicians have been Macdonald, Wilfrid Laurier, Mackenzie King and Pierre Trudeau—among them they held office for 72 years, more than half of Canada's history. The four men had vastly different personalities, but shared similar attitudes towards Ottawa's role in national affairs. They used the power of the state for intervention in the private sector to shape both the country's economic course and the welfare of its citizens.

The biggest change was among the Conservatives, some of whose attitudes now condemn the country's very existence. From 1879 to 1942, the Tories remained the party of the secondary manufacturing industries of Ontario, which depended on Ottawa's tariff policy for its markets. Their attitudes began to change at the party's 1927 convention, which supported "special legislation, designed to preserve human life, health and temperance, to relieve distress during periods of unemployment, sickness and old age." But the real transformation of Conservative policy didn't begin until September, 1942, when 150 young Conservatives drafted a program of welfare measures, which the party adopted three months later.

They carried through his own moderate face of the Canadian Liberal party during the 1940s, by bridging the important contradiction between liberalism's traditional pursuit of unimpeded liberty for the individual and its belief in universal federal social welfare schemes. He did this by insisting that collective freedom is meaningless unless it brings individual benefits.

That remains Canada's dominant ethic, and the ordering of proven conservative wealth change it.



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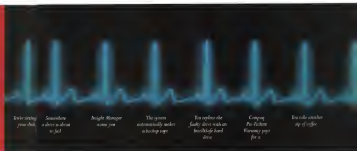


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Winter of discontent

BY RAE CORELLI

One of them is a brilliant cleaner who has not worked in two years, sits at a soup kitchen in north-end Montreal and lives at the YMCA. Another is a 30-year-old Vietnamese immigrant, sheltering in a housing van from the Acute-care Montreal night. Still others, many of them fugitives from residential tenement towers elsewhere in the country. The under the Fable Creek bridges in Vancouver where the weather, while not, is at least summer. All belong to the destitute ranks of the nation's homeless—made homeless with small children, infant and despairing job-seekers, abused or alienated teenagers, alcoholics, drug addicts and the mentally deranged. Because of welfare cuts, a shrinking supply of low-rent housing, rising layoffs and disappearing psychiatric services, there may be more of them in Canada now than in any winter since the Depression. "I'd say it's worse now than it has ever been," says Jan O'Hall, director of community liaison for downtown Toronto's St. Michael's Hospital. "People seem to be more desperate, more depressed."

Nobody knows with any accuracy how many thousands of Canadians have been displaced. But there is evidence of how serious the problem has become in the lead counts by private and spiritual shelters, food banks and soup kitchens, and hospital and church emergency programs. City officials estimate that the number of homeless in greater Montreal has reached 20,000 and is rising by about 3,000 a year. In Vancouver, the Queen's Outreach Society serves more than 25,000 meals a week. Calgary's Community Housing Society puts the city's homeless at around 1,300, up from 480 three years ago. And in Metropolitan Toronto, which reported the coldest November in 30 years and the coldest December in six, some councilors are proposing that layoffs be based on hospital visits caused by colds or health care funding.

But even those disturbingly high figures do not begin to embrace all of the homeless. Hundreds, perhaps thousands, of the downed-out—some confused, others rebelliously antisocial,



Welfare cuts and layoffs add to the ranks of Canada's homeless

persecuted, fearful or on the run—avoid the social-safety net except for an occasional meal at a soup kitchen. They wander city streets by day and at night, wrapped in newspapers or plastic garbage bags, huddle in abandoned buildings or downed parking cars. St. Michael's Hospital treats dozens of homeless every week for such ills as frostbitten feet, respiratory infections, broken bones and severe burns from sleeping on sidewalk heating vents. In early January, one of them—59-year-old Eugene Upper—frozen to death in a Toronto bus shelter. "I ate my bite all around so I knew most of the sewer grates and places like that," says Metro

Councillor Jack Layton. "We don't have any vacant sewer grates." Canada's legacy of impoverished people has expanded as the provinces—already financially strapped—absorb funding cuts from Ottawa. Along the way, the profile of the homeless has been changing as well. For one thing, they now include people who have never before had to depend on charity for food, clothing and a roof over their heads. For another, single men over 50 no longer dominate these welfare help, now, males are in their 20s and 30s. "One day, women would have represented most of the people who come here, but not any more," says Norman Chisholm, director Douglas Chisholm, who runs Hope College, a privately funded soup kitchen in the north end of Halifax. One of his regulars is Gary, who has not worked in two years and asked that his last name not be used. "My truck is dying and I'm very good at it," he says. "But now they want you to have Grade 12 to do clearing."

The city says for his room at the Y and gives him \$150 a month. An even more worrisome development: sexual workers have thrived as income in the number of single parents, mostly women, with small children. In Metropolitan Toronto, for example, hotel services director John Jagt says families account for most of the club's appeals for help. Metro's shelter network of 45 hotels and 15 food banks this year will cost taxpayers and private donors \$65 million. (Episcopal churches also are offering food and shelter.) Between 1983 and 1984, Jagt says, his caseload grew by 1,000 to around 2,800, but it jumped an additional 1,000 last year alone and he is now making out of touch. He says the welfare cuts that took effect in Ontario last October "have exacerbated what was already a difficult situation."

Among the families living in a string of matchboxes along Kingston

Road in the eastern Toronto suburb of Scarborough, there is a vocal support for Jagt's diagnosis. Jamaica-born Dennis Lloyd, 28, was evicted from her \$725-a-month apartment last October after Ontario's welfare subsidies dropped her monthly cheque to \$1,096 from \$1,386. With two young sons, a 10-year-old and a 6-year-old, Melbourne, 6, and Dominic, 3, in a 18-by-10-foot room containing a double bed, a cot, laundry hampers, a microwave and a TV set. There is a toaster on the dresser and a vase of artificial flowers by the window. "My kids are pretty good, they adjust," she says. "I tell them things, like write on machines. It helps." She has worked as a sales clerk and cashier for hotels and a day laborer in a factory. "I want to challenge [Ontario Premier] Mike Harris to live on welfare for six months," she says, "and he has to live in one room."

A halfmile up the road, 33-year-old Paula Rossini is quarantined in a matchbox Metro Toronto family hostel with her alcoholic children, Justin, 8, and Ashley, 6, in a cluttered room that has a double bed, double bathtub, a crib, a refrigerator, two chairs and a round table. In 1985, Rossini was evicted to shelter in a shelter in Calgary because she could not afford both tuition and day care. Then, when Ontario slashed her welfare cheque by the same amount as Lloyd's, she was evicted from the apartment where she had lived for eight years because she could no longer make the rent. She gets \$313 a day from social services for food as well as the welfare cheque, and she is saving what she can to move into a place of her own. "This deal she says, 'I need to live in shelter'—I have experience in computer billing and she says she spends four days a week looking for work." "They ask for a resume," she says, "you send it in and you never hear from them again."

With similar variations, the squeeze is evident across the country. In Vancouver, Queen's Outreach Society cofounder Jan Gordon says burger and hot-dog vendors are getting worse. "The numbers have grown 30 per cent in the last three months and in some of our food deposits it has doubled," he says. He attributes part of the demand to British Columbia's controversial three-month readiness requirement for welfare—which has plunged the province into a legal battle with Ottawa. Indigenous during harsh weather and welfare cuts in Alberta, Ontario and Quebec, says Gordon, have wound up "stepping under the bridges and waiting parks, all over the place."

Meanwhile, Judy Gorman, coordinator of Vancouver's tenant assistance program, says there are homeless people "everywhere in the city." Barb Daniel, executive director of the Downtown Eastside Residents Association, says estimates of the city's homeless run as high as 3,000. The Salvation Army's Harbour Light Centre feeds 700 people a day. "Gypsies and alcohol-seekers are major players in this situation," says the centre's executive director, Maj. Samant Pano. At the door of their convent in the downtown east end, the Roman Catholic Sisters of the Monastery hand out sandwiches to 700 people a day.

Individuals as well as organizations try to help. In Montreal, Vincent Jones, a 67-year-old Roman Catholic priest, founded a service agency that now runs a 20-bed shelter for homeless kids—mostly men, including breakfast, 45 days a year. Father Jones operates its outreach program—a battered old Vancouver van in which he patrols the seamy sections of the downtown core at night. He stops at five different locations to distribute coffee, hotdogs, packaged food, hot tickets and cigarettes. "There are thousands of kids out there," says Jones. "They're homeless mostly a lot of them from institutions and broken homes." One night in January, the motion-cue gathered in the van under a prospector who jumps on the scene between Quebec City, Montreal and Ottawa, an 18-year-old transsexual and a Vietnamese immigrant called Hien. "I'm on welfare," said Hien. "I can't remember the last time I had a job."

Displaced families are the newest challenge for





Paulie becomes with
Annie (left) and brother
tired of shelter life

social services, homeless kids are a perennial. When Bialist's Long Term Services for Youth Association opened a drop-in centre for young people in 1994, says executive director Linda Wilson, "we thought we would have to dump up bedsheets." Instead, the initial client list jumped from 200 to 440. Kids are told to leave home rather than put up with abuse, says Wilson, "but there's no place to go." Teenagers often find they can no longer fit in following family breakfast and reunions, she says, "so they end up on the street. The kids we're seeing are surviving to death, they're freezing. They're kids with no socks and crumpled sweaters."

In downtown Toronto, the 85-bed Covenant House is full. Between October and December, 1994, it housed 3,480 visits from streetwise teens seeking medical care, food and counselling. During the same period last year, the numbers reached 4,064. For the whole of 1995, nearly 8,800 youngsters—an increase of more than 1,000 in a single year—got medical treatment from the centre's three nurses and visiting physicians. One resident, a 25-year-old named Wilson, left home after his father rejected "On the street you survive whatever way there is to survive," he says, passing to reflect "I don't really know how all this started. I'd know how it started, I'd have something to be mad at."

If the hard-luck segment of society is frustrated and angry, it has plenty of company—those in the social services field who are trying to help. And they have a common target: the errors and soaring of government spending cuts. In 1992, the Alberta government of Premier Ralph Klein chopped welfare rates—already among the lowest in Canada—by 25 per cent. Dennis Baldwin, executive director of the nonprofit Calgary Drop-In Centre Society, which serves 800 teens a day, says he is not opposed to federal and provincial cutbacks in grants-in-aid, but they have to be implemented carefully. "When you need the service most," he adds, "when you're reducing

everything else under the sun, and you turn around and reduce the very services that are there to support people, it is absolutely insane." Adds Baldwin: "The whole mentality of our society has changed. It's much easier now to stop people in the street."

Suzanne Kocchar, executive director of Calgary's Connection Housing Society, says the agency has witnessed a 50- to 20-per-cent increase in appeals for help every three months for the past 2 1/2 years, and federal and provincial cutbacks are responsible. On Jan. 20, at a Montreal conference of social activists from across Canada, delegates vowed to fight government cuts in social services. "Our governments are making the underprivileged pay for the debt," said Roland Valier, spokesperson for the Social Committee of South-Central Montreal. In Vancouver, Daniel of the Downtown Eastside Residents Association and cutting welfare spend ing made no sense because it only shift ed responsibility onto the correctional system and health care.

In Toronto and elsewhere, homelessness is already putting pressure on health services. "We're seeing more women coming in with stress-related disorders," says O'Neill of St. Michael's Hospital. "Women suffering from anxiety, working poor women worried about losing their day care and about how they're going to cope on social assistance. There is an almost palpable fear about how they're going to get by. You wonder when the tolerance level in society is going to snap." Jo Metro Council's Layton, cost-cutting governments have gone too far. "Pretty soon," he says, "people are going to react and say, 'Wait a minute. We didn't have an armed people charge in our streets.'" So far at least one—and probably others—already have. And winter is a long way from over.

WILL REIDLE MacSWAN is author. RABBIT GARDNER is Montreal NEWS WRITER in Calgary and SCOTT SPENCE is Vancouver



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LIFE

The fat-free snack attack

The U.S. government approves a controversial synthetic food oil

Potato chips. Olestra, a new synthetic food oil with zero calories, is promising to take the fat—and the guilt—out of greasy snack food. "This is something people really want," says Chris Hassall, a senior scientist with Cincinnati-based Procter & Gamble Co., which spent more than 25 years and \$750 million developing the fake fat. "Consumer testing tells us they are very excited about the idea of snack foods which deliver the full fat taste but don't have any fat in them." There is a catch, however: While olestra leaves no fatty deposits behind in the body, it soaks up and eliminates essential vitamins and nutrients like a sponge. It may also cause flatulence and diarrhea. But last week, despite strong objections by nutritionists and consumer advocates, the United States Food and Drug Administration approved olestra for use in salty snacks and crackers—provided they carry a label warning consumers of possible digestive upsets.

Procter & Gamble, makers of Pringles potato chips, Doritos flakey corn nuts and a variety of snack products, plans to test-market its fake fat in the coming months and to sell olestra to rival snack-makers. And although so far olestra is only approved for limited use, P & G believes that sucrose polyester as it is formally known, has the potential to replace any kind of fat—meaning it could eventually be ubiquitous in the United States. In Ottawa, a spokesman for the Health Protection Branch said that a decision on whether olestra will be approved in Canada is pending a review. But some Canadian nutritionists are already squawking the alarm. "I hope we won't see olestra in

Canada," says Bruce Holub, a professor of nutritional sciences at Ontario's University of Guelph. "I have serious concerns about allowing a plastic fat into the human food supply."

Unlike other fat substitutes, olestra can withstand the high temperatures needed to fry foods. It is made from two fat-free ingredients—sugar and vegetable oil. Created by accident in a company lab in the late 1960s, it looks and tastes like natural fat. The difference is in its

chemistry. Most regular fats are triglycerides, made from an alcohol, or glycerol, molecule attached to three fatty acids. In olestra, the glycerol is replaced by a sugar, or sucrose, molecule, and up to eight fatty acids. "The fatty acids give olestra its taste, texture and mouth feel," Hassall says. But because the synthetic molecule is much bigger than an ordinary fat molecule, the body cannot digest it.

Nor does the body get the benefit of certain nutrients from food consumed at the same time as olestra. One of the roles of fat in the diet is to absorb vitamins and transport them into the blood. But because olestra is not digested, the vitamins it absorbs are eliminated. "At snack food levels, the effect is very small," notes Hassall. "We intended to add small amounts of vitamins A, D, E and K to offset any effect." But the company has no plans to replace beta-carotene and other so-called carotenoids—found in fruits and vegetables and believed to fight cancer and other diseases—which are lost in the same way.

Some nutrition experts are outraged that the company is ignoring concerns about the loss of beta-carotene. They point to a recent study in Holland that shows that as little as three grams of olestra a day led to major drops in the blood levels of beta-carotene and other antioxidants. "Just six potato chips a day can reduce carotenoids by about 40 per cent," cautions Dr. Walter Willett, a nutritional scientist at the Harvard School of Public Health. "Based on that amount of beta-carotene reduction caused by olestra," Willett says, "there would likely be thousands of premature deaths due to cancer and cardiovascular disease in the United States annually."

But the company argues that more than 150 studies involving more than 6,000 people show that olestra is safe. "For a new food additive there is no requirement for testing on people," states Hassall. "We went beyond that and did a lot of testing on people." But critics claim that the studies are inadequate. "Procter & Gamble wants the public to be human guinea pigs," says Willett. "They have never done studies in humans beyond a few weeks and effects would likely show up over decades." In fact, the FDA, as a condition of approval, is requiring P & G to continue studies in clinical settings.

Harvey Adelson, a professor of nutritional sciences at the University of Toronto who has worked as a P & G consultant, takes a more bridge view of olestra. "If you eat a small serving of olestra potato chips," he says, "it will be neither here nor there." And, he adds, because olestra can trigger loose stools, it has a built-in defense against overconsumption. "If you overeat," he says, "there would be relatively quick feedback from the old digestive system."

MUNCH MONEY

Canadian snack food purchases for 1995

SNACK	IN MILLIONS
Potato chips	\$236.9
Taco/tortilla chips	83.6
Cheeseballs	44.4
Pretzels	19.8
Corn chips	8.4
Popcorn	5.2
Others	20.0
TOTAL	414.3



SHARON DOYLE DREIERER

O.J.: The Sequel

As a new legal battle begins, Simpson speaks

He declined to testify in his own defense, and for months he eluded the media. First concealing to—and often misquoting—scheduled interviews like a running back evading tackles. Last week, he stepped out at dawn in a dark, hooded sweater, but during his hour-long appearance on America's Black Network television cable channel, he offered few answers to the questions that flustered about the murders of his friends, the Revs. Martin Luther King Jr. and James Ray, Sr., and the Rev. Fred Shuttlesworth. When asked about his actions on the evening of June 12, 1964—the night King and Goodman were stabbed to death at her Los Angeles home—Stamps declined answer. He took the opportunity to play in test-tube videos due for release in the first week of February "first on film out," he told me.

With legal fees from his lawsuit well topping \$5 million, Simpson can't afford to give anything away for free. But money is only one of the fiercest football star and movie actor's problems. As a retrial saga that began a year and a half ago enters its second stage—O.J. The Segal Four months after a predominantly black jury in Los Angeles found him not guilty of murder, public opinion has shifted dramatically. Simpson is now a convicted whitey—because he is a murderer. And once again, another legal battle has begun—one in which Simpson cannot avoid answering his accusers.

Last week, Simpson began giving his deposition in the wrongful-death suit launched by the Brown and Goldstein families. Because it is a civil action, and because he does not face further criminal proceedings, Simpson could not invoke his constitutional right against self-incrimination. As Ron Goldstein's father, Fred, relied on and a video camera recorded the sessions, Simpson answered questions about the June 17, 1994, chase in which he fled from police in his white Ford Bronco, about his whereabouts on the evening of the murders and about his relationship with the Nicole.

Presiding Judge Alan Haber had instructed lawyers in the case not to discuss the

depositions in detail, and it is unclear whether he will gobble facts before the beginning of the trial, set for April 2. Not surprisingly, however, counsel for the plaintiffs said that Simpson's deposition would help their lawsuit, which seeks unspecified damages. "We have heard answers that have not been consistent with things that have been put out in the past," said John Kelly, representing the estate of Nicole Brown Simpson.



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TV journalist Ross Becker, a heir of the Rockefeller estate and a half-brother-in-law to whom Simpson pleads his case. For his participation, Simpson reportedly garnered more than \$4 million, and he could earn and lose more through his share of the sales.

Granted, Simpson is not alone in trying to profit from the most-watched criminal trial in history: prosecutors Martin Clark and Christopher Darden both have books in the works, to deliver lawyers Johnnie Cochran, Robert Shapiro and Alan Dershowitz. But Simpson's venture has certainly received the most criticism. Few media outlets have run ads for the video. And on L.A. radio station KRO, host John Kohnst and New Chicagoan comedians refuse to air up the 800 number—just to hinder sales of the video. "We're telling people, 'Don't buy the tape,'" says Kohnst. "But if you have any interest, you might want to ask the operator some questions, and it might cost O.J. millions."

As an exercise in public relations, Stimpert's TV interview probably did not change many minds. Watched by three million Americans—hardly the best target market for Black Entertainment Television, which reaches 44 million households—Stimpert admitted that he had abused Nicole, but called allegations that he stalked and kidnapped her “totally BS.” He became agitated when talking about the sexual humiliations. “I have a side of me that’s very angry at Ford [Lemon and the Browns’ *And I Am a...*] and [actor] Charles [Cotton] who chose to cast me as a jerk. If you don’t know how to control your anger, it’s a shame.”

That, of course, is unlikely to happen. And despite his capital as an ornamental character, a civil jury could find him responsible for the deaths of Nicole Brown Simpson and Ron Goldman. Lawyers for the victim families will only have to prove his responsibility by a preponderance of evidence, not beyond a reasonable doubt. And the verdict need not be unanimous—only nine of 12 jurors must agree. Another factor that may work against Simpson is the place where the crime took place: in upscale suburban Santa Monica, not Los Angeles, and the jury will probably be mostly white.

In all, those factors could result in a verdict more in tune with the opinion of many Americans. But they will have to be patient, since the lawsuit is likely to take three years or more. As the saga of a fallen hero drags on, that may not serve truth or justice, but it is certainly the American way.

JOE CHIDLEY with ANNE GREGOR
in *Los Angeles*

Feuding families

How involved should the courts become?

The face of the Canadian family has changed dramatically over recent decades, leaving many people struggling to understand their roles within an almost unrecognizable institution. In our column, some have turned to the courts for clarification—and last week, two Ontario cases demonstrated the law's uneasy involvement in the sort of disputes that were once settled all in the family.



WHEN A MOTHER SUES HER KIDS

Stephen Stephens, Agnes and Martin Salasos could hardly believe what was happening. Without any warning, in March, 1990, they learned that their widowed mother, Veronica Godwin, was suing them for support. Another suitor, Maudeline Horne, had joined the suit voluntarily to share solidarity with her siblings. (Veronica's son, Paul, was not sued.) Although the works as a tavern caregiver for an elderly woman in St. Catharines, Ont., Godwin, 66, said that she needed the money to supplement her monthly income, which, including her son's pension, comes to about \$1,000. Her lawyer, John

first mother son died in financial ruin and that, as now comes their tragicomic bowdler on the album. After a 1989 road tour, the Ontario couple ruled the level of their own lives. The album is a known provision of Ontario's Family Law Act, under which grown children must support a parent in need "who has cared for as promised support for the child." Last week's release of the album is to coincide with Ontario Court of Appeal's decision that children must continue to pay their mother \$10,000 in monthly support for the rest of her life.

Behind the unusual under lies the story of a deeply troubled family. In his January 1990 book, *Judge P.W. Thies Banned from the Bench* (encompassed but not been a woman and nurturing one child that discipline was of ten physical). Goodwin said her husband, Bill Bufano, was an abusive alcoholic who moved out in 1913 and died two years later. Judge concluded, however, that while the husband's behavior was abusive, it was not one of today's restrictions. It was not unusual in

the 1950s and 1960s. But the children argued that Godeanu was a poor mother and to make matters worse, had squandered her assets, including \$65,000 she recovered from the sale of the family house.

Godeanu's kids do not dispute their ability to pay Stoenescu. 42, is a federal civil servant in Ottawa, Quebec, 38, is a special education coordinator in Toronto and Marthe, 36, works in human resources administration in the same city. Nine has children Magdalene, 40, of St. Catharines, is a divorced mother of five who lives on social assistance. All would like to pay, though their lawyers "My clients are legally competent and their counsel, Herschel Papezian, has put counsel on sight with them."

Although the statutory obligation to support parents dates back to the 1900s, it has rarely been used. Some experts, however, say that the law is a relic of a bygone era, pointing to a shrinking elderly population, further with a shrinking social

WHEN KIDS SEE THEIR FATHER

To hear Andrew and Eliott Stewart tell the story was to feel lost. Last week, the 12-year-old twins from Kamela, Ont., appeared outside a courthouse in nearby Ottawa, surrounded by reporters and television cameras. They were there, they said, to sue their father, David Stewart, 30, who divorced their mother, Eva Stewart, in 2008. The claim, which the boys say they drafted themselves, maintains that David Stewart owes the twins \$500 for violating a separation agreement under which he is to pay \$400 every time he moves a scheduled visit with his children. But after court officials told the boys that their claim could be heard in a higher court, and that as minors they must be represented by a lawyer, they were back home. And this time, the boys' lawyer

The money is not the point, however, the quiet-spoken Elliot later explained. "I just want my dad to start seeing an agent," he said. "I couldn't think of any other way, because we've tried everything else." Eva Stewart, a 38-year-old stay-at-home mother who has resumed, despite the fact she is raising her sons to get back at her ex-husband, "How could I possibly benefit from this?" she says. "I just expected that he would take advantage of himself and then come and see the kids."

But David Stewart's lawyer, Colin McCarristan, said that his client loves Elliott and Andrew very much and is angry about the public spectacle the attempted lawsuit has created. "He believes it is a totally inappropriate way to resolve these difficulties," McCarristan said. But intimate revelation has

infused as the wedding music—although David Stewart does pay the required child support. Stewart, a technician who works on photography machines, has established a new relationship and is the father of two-year-old twins. According to McCormiston, he saw Elliott and Andrew in October and December and shortly after Christmas. But under the agreement, he is to see them every other weekend and on alternate holidays. Last week, the



boys were turned down for legal aid, but Eva Stewart said they will still try to find a lawyer. Perhaps as their actions may be, it is better, she says, than waiting for their father to call.



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Smith (left), McKenna: a "green is good" ethic that often goes unchallenged

TELEVISION

The art of the deal

TRADERS

(Canadian Global, Thursday, 10 p.m.)

Television is checkmated at yesterday's heroes. It has doctors fighting death and disease, cops solving on mistime crime, and lawyers in search of justice. Now *CanWest Global* is throwing something different: it's a reality, not a dramatic series about investment bankers. Like their public service TV counterparts, the heroes of *Traders* struggle valiantly, but not to change the world or save society's life. No, these boys and girls in blue—blue pinstripes, that's all—it's to achieve a more morally ambiguous goal: they just want to make good on money on the street.

Easy money? Perhaps. But in fact—and especially when compared with such other Canadian-made series as the now-defunct *Street Legal* and the CBC's exorable medical series, *Dr. Jekyll*—*Traders* has a lot more going for it. Produced by Toronto-based Adam in Film Ltd., it is remarkable only for its originality. The world of high finance is uncharted territory in North American TV, and it is rich in dramatic possibility. Add to that a capable Canadian cast and better-than-average production values, and *Traders* promises an entertaining lease of capitalist television. And yet, for all that, something—call it relevance—is lacking in the actual product.

The first episode opens with a scene of frenetic energy: the trading floor of the Toronto investment-banking firm of Gardner/Ross. As head trader Marty Shephard (Patrick McKenna) bawls buy-and-sell orders at his

underlings, the camera goes steadily from face to face to hand to arm—no Broadway effect so dizzying that it soon becomes nauseating. But even as the traders make their million-dollar deals, Gardner/Ross is in firm in deep trouble. As company president Cedric Ross (David Gardner) stubbornly tries to maintain the firm's independence, Adam Cunningham, a senior partner played with steady poignancy by TV veteran Bruce

In the 1990s, a show about high-flying investors may be an anachronism

Gray is plotting to sell out Gardner/Ross to the highest bidder.

Then, in an unexpectedly over-the-top scene, securities commission agents arrest Ross in connection with the disappearance of \$5 million in investors' money. To prevent the company's interests against would-be raiders, Ross appoints his daughter Sally (Suzie Spratt), a neophyte economist, to take his place. Another newcomer to the firm is the charismatic Jack Larkin (David Cubitt), a young trader with a checkered past of questionable deals in the Vancouver Stock Exchange. The wince-worthy Larkin, whose workaholic/assaults serve only to fuel his ambition, promises to land the firm

a coveted share alliance—a return for a seat on Gardner/Ross's board of directors. As Sally Ross struggles to assert herself in a male-dominated environment, and as Larkin attempts to prove his worth to the company, big money—and big egos—come to the fore.

The atmosphere is tense and serious as the show attempts to project the gritty reality of life on the street of high rollers. But the producers, which is largely concerned with establishing character and premise, seems clumsy and uneven. The principals have an annoying habit of stating their personal philosophies at the drop of a hat. (Larkin is a laissez-faire operator: "The world is divided into two kinds of people—those who run chit dogs and those who travel by limousine.")

Still, at least to an eye saturated in the insular ways of high finance, *Traders* will look convincing. And its depiction of investment banking is largely on the mark—the result of extensive consultation between the show's producers and actual Bay Street traders. The cost, meanwhile, seems admirably with a script that is often lackluster. In an unfortunate comment on job prospects for Canadian actors, many of them are already badly visible because of their work in commercials. Chris Leeming, for instance, who plays a junior trader, is the spokesman for Nissan automobiles, and Gray does double-duty as commercials for CI Mutual Funds. (Maybe Gray's experience helps, because he is utterly convincing as an investment banker.) Smith, mean while, is capable, but unremarkable, as Sally Ross. But McKenna the gaily Harold on *The Real Green Show*, who provides comic relief, and relative newcomer Cubitt—as the lovable shark, he is clearly destined to take the realistic lead in upcoming episodes—are both exciting.

The troublemaker for *Traders* suggests a bleakish market: *CanWest Global* is sitting it against the hit medical drama *ER* in the Thursday 10 p.m. time slot—a space that has already proved closed to the much hyped NBC show *Murder One*. And there is a more basic problem: the sense that *Traders* is already an anachronism. It may be set in 1990s Toronto, but the show and its often implausible characters have an Eighties feel about them—especially a "green-is-good" ethos that goes largely unchallenged.

But the Eighties are long gone. And in the 1990s—when a lone derivatives trader can bring down a venerable bank, as Nick Leeson did to Britain's Barings PLC last year, and when currency speculation can do as much damage to governments around the world—the show's lack of concern about the consequences of its characters' actions seems at best naïve, at worst just and irresponsible. Perhaps those elements will be introduced in later shows. As it stands, *Traders* has potential—but the stock is in a falling market, it falls to pay full dividends.

JOE CHIBLEY

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BOOKS

A life with Sherlock

The detective's creator wanted to kill him off

CONAN DOYLE

By Michael Coker
(Doubleday, 238 pages, \$29.95)

IN 1903, Arthur Conan Doyle published what he intended to be the last of his tales about the greatest of all fictional detectives, Sherlock Holmes. The 34-year-old Scottish-born physician was tired of his creative. Although the Holmes stories, published as magazines, had made him famous and wealthy, they were also a distraction from his ambitions to write historical fiction. So, in "The Adventure of the Final Problem," the writer killed off his hero. Struggling with his alcohol, the Scottish criminal Moriarty, Holmes bumbled to his death in an Alpine waterfall.

But as Toronto writer Michael Coker notes clear in his informative and admiring biography, *Conan Doyle: Holmes was not so easy to get rid of*. As news of his "final" spread, young men in London swapped black mourning bands around their hips, crowds demonstrated in front of publishers' offices and protesters marched down Fleet Street. Some grief-stricken readers sent threatening letters to Holmes's creator. Ultimately, the author could not resist his detective's popularity. In 1905, he published "The Hound of the Baskervilles," a story that takes place earlier in Holmes's career. This proved so popular—and the financial offers for further Holmes stories were so tempting—that in 1905 he released "The Return of Sherlock Holmes," which explained Holmes's demise as a ruse staged by the death-knower.

It is the central irony of Conan Doyle's life that he became known chiefly for work that he considered trivial. Although he published Holmes stories as late as 1927—just three years before his death from heart disease—he valued much of his other writing far more highly. His readers never encountered—and even Conan Doyle's favorite among his historical novels, *The White Company* (1890)—about 14th-century English life is now forgotten. Yet his life, Coker argues, was far more than a one-way affair. Conan Doyle is a moving portrait of a man who refused to rest on his laurels. The plucky Holmes may have given him su-



Conan Doyle: a lifelong interest in spirituality

England, began to write detective stories to supplement his income. He loved Holmes—the first thought of calling him Sherlock Holmes—on his former professor Dr. Joseph Bell, who had a similar talent for brilliant deductions. The first Sherlock Holmes story, "A Study in Scarlet," appeared in 1887 and was an immediate hit.

Conan Doyle was married twice: his first wife, Louise Hawkins, died in 1906 after a long struggle with tuberculosis, leaving him with a 35-year-old daughter and a 14-year-old son. Three more children were born after his marriage in 1907 to Jean Lockie, who was 14 years his junior. Unfortunately, Coker, who has also written respected biographies of authors H.G. Wells and G.K. Chesterton, offers little of the inner life of Conan Doyle's domestic life. He appears to have been a dedicated husband and father, but there are hints that it must have been difficult at times to live with a man of such robust energy as a widower. One of the photographs in the book shows the famous author and his two youngest sons, aged 6 and 7, posing in army uniforms. (Conan Doyle was a great supporter of the military, although he never actually belonged to it.) The little boys look distinctly unhappy.

As a social crusader, Conan Doyle was a curious mixture of the conservative (he opposed giving women the vote) and the radical (he fought hard for a shortening of England's divorce laws, which were particularly unfair to women). Some of his causes took shape in retrospect, such as his attempts to reform the British army as his experiments in turning the then third infantry rifle into a sort of mortar by firing a ball in the air. But he served with courage and distinction as a civilian field doctor in the 1889-1902 Boer War. And he was at his best when publicly discussing individuals who had been wronged by the justice system—in his successful campaign to restore the reputation and career of George Edley, a young lawyer who had been imprisoned on false accusations that he had murdered four women.

Coker handles Conan Doyle's debt to spiritualism with open-mindedness and tact. He emphasizes that the author's sentiments with mediums and seances were always conducted with a rigorous eye for an overlying fraud, with a belief that the whole business must be proven to rest on scientific principles. Conan Doyle was positive he had found evidence of an afterlife. On his deathbed at his Sussex home in 1910, he felt he was about to know true immortality—not the more earthly bond conferred on him by his illustrious detective.

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Murderous Mounties

Two RCMP wife-killings have eerie similarities

John Wilson and Patrick Kelly are unlikely to have a prominent place in any official history of the Royal Canadian Mounted Police, despite their impressive achievements in the line of duty. As a sergeant in the force just after the First World War, Wilson served as an effective undercover agent, rooting out crime and corruption on the Vancouver waterfront. Six decades later, Const. Kelly earned even greater accolades from his superiors for undercover exploits as hit-man, provocateur and exposing drug trafficking rings in Central Canada and as far afield as South America. Both men, however, eventually saw their careers end in disgrace—and worse. In February 1988, a jury in Saskatoon convicted Wilson of the cold-blooded shotgun slaying of his wife two years earlier in Blaine Lake, Sask. In May 1994, a jury at Toronto convicted Kelly of killing his wife three years earlier by throwing her from a 17th-floor balcony. Now, two new books, Lita Harris's *The Secret Lives of Sgt. John Wilson* (Doubleday, \$26.95) and Michael Harris's *The Judas Kiss* (McClelland & Stewart, \$29.95) tell the stories of the two Mounties, husbands and murderers.

The similarities between the two cases are many. Within 24 hours of blowing off the top of pregnant Tolly Wilson's head with a double blast from his shotgun and then burying her in a milk-shed grove, John Wilson earned his 35-year-old girlfriend, Jessie Patterson, a week after Jeannette Kelly plummeted to her death at the foot of a Toronto water-dam condominium tower, her husband was holidaying in Hawaii with his mistress, Jan Bentley.

Still, it alone respects the two authors reveal men of very different character. Stinson portrays Wilson as a nervous, insecure and disorganized man who often turned to drink to subdue his troubled conscience, and who continually felt a taste of incriminating evidence as his wife—even keeping in his possession a small syringe soaked in his wife's blood. Kelly, by contrast, emerges in Harris's account as a supremely confident, even arrogant, individual, unaffected by his wife's death. A controlling liar, he showed meticulous calculation in his attempts to divert suspicion from himself for this day, the



Jeannette and Patrick Kelly: she fell from a condominium tower

former Mountie insists his wife's fall was accidental.

The two books are as different as their subjects. Saskatoon author Stinson, whose previous works include children's poetry and a novel, writes in an edgy, almost as though the heart of the source documents had been cut out by his own voice. These documents, moreover, are far too much in evidence. Stinson's quotes from contemporary letters and reports are frequently tedious. Her narrative perspective, meanwhile, veers unpredictably from imagined scenes thought to be excessively faithful attributions of men doing their deeds.

By contrast, Harris, a journalist who lives in Lunenburg, N.S., has produced a

book which, while never soaring, nonetheless carries its reader forward with the steady hand of a practiced professional. Like his earlier volumes examining other crimes—*Judith Dene* (1986), about the wrongful murder conviction of Donald Mar shall, and *The Product Fishhead* (1990), which concluded that Helmut Bushman barely deserved to be jailed for arranging his wife's killing—Harris's tale in *The Judas Kiss* is both well reported and well told. If there is a flaw, it lies in Harris's cynicism regarding Kelly's guilt or innocence: the author weaves a damning web of incriminating circumstances and obvious character flaws around his subject, but withholds his own judgment.

Still, Harris's is a far more compelling book than Stinson's. *The Secret Lives of Sgt. John Wilson* may interest those with a fondness for late about Saskatchewan or the Mounties. Harris's book, though, is more than simply a well-done re-examination of a contemporary murder mystery. The author also sets out what scientists know about the minutiae and remorseless world of the psychopath in terms that make plain Kelly's qualifications for the label.

The Judas Kiss has one more distinction: it may well help ensure that Kelly remains behind bars. Unlike Wilson, who was hanged shortly after his 1988 trial, Kelly received a life sentence in 1994. He has spent much of it trying to have his case reopened and, with that in mind, he granted Harris extensive interviews. (Meanwhile, in 2002, Doug Tabor, a key witness at Kelly's trial, recanted his testimony that she had sent the Mountie drop his wife over the balcony—an event that gave impetus to Kelly's petition to Justice Minister Allan Rock to review his case.) But like Bushman before him, Kelly's hopes of being paroled by Harris as another Donald Marshall have been disappointed. Bushman, indeed, actually paid Harris to investigate his conviction from the then-much-joshed-up Harris reviewed the case usually—and ended up simply confirming Bushman's guilt. With this book he has again, like the father that both Wilson and Kelly disagreed with his wife.

CHRIS WOOD

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The decline of Tranta the Good

BY ALLAN FOTHERINGHAM

Oh dear. We thought we had got rid of this nonsense long ago. We thought the excesses of the profligate 1980s had killed this with a track. It appears not. The disease is breaking out again.

We speak, gentle reader, of the nonsense of Toronto. It got all started, a decade ago, at advertising itself as a "world-class city." Cities that are world-class—major bumps such as Rome or Paris—don't boast about being world-class. They know it and never think about it.

Comes the recession that brought juvenile Toronto to its knees and we assumed such piffle would be forgotten. Alas, not so. The self-importance disease, something like measles in breaking out again.

Toronto is starting to believe its two propaganda pieces more. There is something suggested called the GTA—meaning the Greater Toronto Area. The idea is that a world could exist in 30 local governments. The impression here is that it would replace also Spain and Athens as a centre of world civilization.

Dr. Anne Golden, an enthusiastic thinker, has produced a 200-page report about a powerful, single economy—the GTA—whose self-generating potential would completely nullify that of some countries.

Dr. Golden, obviously an intelligent, educated woman, announces that this vast urban area is the third largest in Canada and the United States. (I don't think that's true.) And that it produces 30 per cent of Canada's economic output. We know that's true.

And that it's "the world's most successful at area." Well? So's the coffee. Where has this report ever been? In her TV presentation of this groundbreaking announcement, Dr. Golden made this proclamation with the sacred book on her face of a girl guide who has just announced a new world record for cookie sales.

Toronto papers, with a straight face, printed this piffle with blind belief, never once questioning it. It has become a growing

feitis in the moment. It is confused, and has no leadership.

It used to have the finest, headline-making majors. Allan Lamport, who is now reaching 90 and still thriving, who was famous for such Languorous as, "If someone's gonna stab me in the back I want to be there."

And the Tiny Perfect Mayor, David Crombie, who was the Toronto equivalent of Macbeth's Puerile La Guardia, who used to ride the back of fire trucks to major fires and when the papers were in strike read the column over the radio to his adoring constituents.

The city has recently endured an invisible conservative major Jane Brindley whom even mother couldn't recognize her. She has been succeeded by an unstable socialist mayor, Barbara Hall, who enters a room with the impact of a Bob Sandfield.

In the meantime, the Blue Jays, who used to rule the World Series, are now owned by some Belgian beer makers who have no idea what to do with them—as witness allowing the best player in baseball Robby Alomar, to escape.

Maybe Leaf Gardens, once the Mecca of Hockey, is a relic. The Agos are a joke. The Vixen Apes—while the Vancouver Canucks play in the most dazzling new stadium in sport—have yet to show a shovel into the ground to emulate it.

Toronto has a problem. It has lost its confidence, thanks to a recession that revealed its whole provincial base rests on its ties with an American owned and industry that could be killed by Washington and politicians at any sign of U.S. politics—while British Columbia and Alberta crash in their experts of their natural resources.

The confused Ontario government, panicking over Quebec, in its obvious stupidity actually reduced the number of its Toronto ministers and three isn't a single political figure from the mighty and mythical GTA who is a power in Ontario. Have you ever heard of Art Eggleton? Forget it.

If Ontario doesn't take Toronto seriously anymore, the country certainly doesn't. The politicians who are going to dominate the potential headlines in the coming years—take from Quebec obviously—see McKenna from New Brunswick and Tobin from Newfoundland and Ken from Alberta.

Anybody from Toronto/Ontario that you know? Name one.

In the meantime, the city continues itself in the confused lead believing that it is "the world's most multicultural area." If you believe that, you will believe anything.



BY MICHAEL KATZ

north in Toronto for some years now, based mainly on the evidence that when Italy was soccer's World Cup the streets in Little Italy are filled with crowd fans bumping out the windows at cars that block traffic.

Dr. Golden, on the book tube, appears to be a sophisticated woman. She is obviously well educated, as witness her title. Has she ever travelled so far as New York, or been's plane ride away? Has she ever been to London? Anyone who actually believes that Toronto is the most multicultural area on earth should not be allowed to write a report on a city's future.

That's OK, Urban north readers. Only in towns insecure about their worth—wanting to be New York wannabes—are they allowed to flourish and survive.

Toronto, if the truth be known, is a decline. It will rise again and is not going to die—despite such giddy chamber-of-commerce boosterism—but is not really dying.

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